

STRATEGIC REPORT

OUR BUSINESS

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OUR LEADING TOGETHER STRATEGY

RISKS AND OPPORTUNITIES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

PERFORMANCE REVIEW

GROUP HIGHLIGHTS

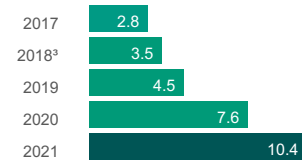
NET SALES¹

€75.6bn

2020: €74.7bn
+1.2% (+3.3% at constant rates)

NET CONSUMER ONLINE SALES

€10.4bn

2020: €7.6bn
+37.3% (38.2% at constant rates)FREE CASH FLOW²

€1.6bn

2020: €2.2bn
-26.4%

DIVIDEND PER COMMON SHARE

€0.95

2020: €0.90
+5.6%

NET INCOME

€2.2bn

2020: €1.4bn
+60.8%

UNDERLYING OPERATING INCOME

€3.3bn

2020: €3.6bn
-7.3%

UNDERLYING OPERATING INCOME MARGIN

4.4%

2020: 4.8%
-0.4 pp

DILUTED INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.17

2020: €1.30
+66.6%

DILUTED UNDERLYING INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.19

2020: €2.26
-3.4%OWN-BRAND FOOD SALES FROM HEALTHY PRODUCTS⁴

53.6%



2020: 49.8%

REDUCTION IN TONNES OF FOOD WASTE PER FOOD SALES (T/€ MILLION)⁵

18%

2021: 4.5t/€ million
2016 baseline: 5.48t/€ millionREDUCTION IN ABSOLUTE CO₂-EQUIVALENT EMISSIONS (SCOPE 1 AND 2)⁶

31%

2021: 2,827kt
2018 baseline: 4,073kt

ASSOCIATE ENGAGEMENT SCORE

79%

2020: 81%
Industry benchmark: 78%

MSCI INDEX

AA



2020: A

1 Ahold Delhaize's 2021 fiscal year consisted of 52 weeks, while 2020 consisted of 53 weeks.

2 In 2021, after €2.4 billion cash capital expenditure (2020: after €2.7 billion cash capital expenditure).

3 The 2018 figures have been restated for the change of accounting policies (IFRS 16 Leases).

4 Healthy sales percentage for 2021 is impacted by the transition to the Nutri-Score methodology instead of Choices in our European brands. See [ESG statements](#) for more information.5 The reduction is measured against the 2016 baseline. 2020: 4.5 t/€ million, a reduction of 17% compared to the 2016 baseline. See [ESG statements](#) for more information.6 The reduction is measured against the 2018 baseline. 2020: 3,148 tonnes, a reduction of 23% compared to the 2018 baseline. Figures have been restated. See [ESG statements](#) for more information.For the definitions of alternative performance measures, see [Glossary](#).

Frans Muller, President and CEO Ahold Delhaize

Q&A WITH OUR CEO

Frans Muller looks back on the highlights and challenges of 2021 and reflects on our expectations for the year ahead.



Q. How would you characterize the year 2021 for Ahold Delhaize?

I am proud of our performance and what we have been able to achieve in 2021. Despite expectations around the world that this would be a more normal year, COVID-19 continued to have a major impact in our brands' markets – and kept our people very busy. I have enormous appreciation for associates in stores, distribution centers and support offices across Ahold Delhaize who worked so incredibly hard to serve the needs of customers and communities. As a result, from a business standpoint, we went from strength to strength on many fronts during the year. It proved to us that Leading Together is the right strategy for our company and our future.

In many ways, this second year of the pandemic has been more challenging for people across our brands' markets. In 2020, everyone rallied around the crisis, and associates were motivated by our essential role in giving customers access to products in the safest possible way. As the pandemic continued in 2021, people became fatigued and we saw more mental strain, not only among associates but throughout the communities our brands serve. We looked for ways to support mental health, both for associates and community members. For example, Hannaford donated \$400,000 to support mental health resources in its regions. We ran a pilot at our Global Support Office providing tools to help associates recognize if they needed mental health support and train managers on the important role they play.

Many of the challenges we faced during the year strengthened our commitment to our strategic ambitions. We saw a strong connection between the health crisis, natural disasters in many of our brands' markets and the urgent climate crisis facing our world. As our brands helped communities deal with the pandemic and the aftermath of floods, fires, earthquakes and hurricanes, we doubled down on our commitment to our climate strategy. When the pandemic continued to increase inequality in many communities, we became even more convinced that

Q&A WITH OUR CEO

providing access to healthy food is a crucial part of our ambitions – and an important way to set people up for success in life. During the past two years, our values and purpose have become strong drivers, motivating people across our businesses.

An important milestone for us during the year was announcing our long-term strategy and key commitments during our Investor Day in November. This growth and investment plan has given the whole organization confidence and energy as we look to continue our strong momentum toward 2025.

Q. COVID-19 continued to have a significant impact – when you look back on it, what stands out the most?

We saw positive changes as the world started to open up again and people began to get vaccinated in all our markets – and then setbacks when more restrictive measures proved necessary again. Dealing with uncertainty around changing policies and absenteeism because of illness caused challenges in our brands, in local communities and for our people. I'm proud of how our teams adapted through all this change.

What also made me proud was seeing how associates learned from the lessons of the past two years around equity in society to double down on work towards our bold diversity and inclusion (D&I) aspiration to be 100% gender balanced, 100% reflective of our markets and 100% inclusive. While I believe we still have much more progress to make, I feel that D&I is embedded in our thinking and actions now in a way that it wasn't in the past.

During the year, we saw some consumer trends triggered by the pandemic persevere. For example, trends around cooking and eating at home, shopping online and healthy eating have remained and evolved, and convenience continues to grow in importance. As a result of these trends, we sold more groceries in 2021, but serving this demand took a lot of effort and drive by people across all our brands and businesses. We also spent over €360 million in 2021, on top of the nearly €680 million we spent in 2020, on COVID-19-related costs, including extra measures in stores, sanitation, uniforms, signage, paid quarantine leave for U.S. associates and additional donations to communities. Our brands donated another €20 million to support the Red Cross, food banks and other local initiatives.

We saw other COVID-19 related challenges, such as inflation, which we did our best to manage and keep prices affordable to customers, and supply chain issues, particularly in the U.S. Through it all, our brands continued to build market share by enabling customers to shop when and where they wanted through our omnichannel offering and providing them healthy and sustainable choices.



The GIANT Company associates volunteering at a food bank.

Q. In light of this, how would you characterize our financial results in 2021?

2021 was a strong year for us financially; but, of course, it was in the midst of circumstances we all wish had been different.

During the year, our brands worked to serve customers even better by gearing up their online propositions, delivery services and click-and-collect locations. In the U.S., at the end of 2021, almost 1,400 stores had click and collect and the brands made online shopping available to customers in around 95% of their geographies. We also grew our online offering in Europe by more than 25%. Bol.com had another stellar year, growing net consumer online sales by 27% and maintaining EBITDA at record levels as it served more households and grew its number of partners to nearly 49,000. At our Investor Day in November, we also disclosed, for the first time, several key metrics for the brand, such as customer and partner NPS and market penetration rates, and gave a snapshot of the growth levers we intend to pursue to double that business by 2025. In that context, we announced the exciting news that we would explore a subsidiary-IPO for bol.com in 2022. And Albert started offering online grocery shopping in the Czech Republic. I'm proud to say that we also closed several acquisitions this year, including FreshDirect, 71 stores from Southeastern Grocers at Food Lion and 38 DEEN stores at Albert Heijn.

We invested €2.4 billion in the business, to make sure that our brands' stores are well maintained, to enhance the digital and omnichannel offerings, to upgrade the supply chain and to increase our IT and digital capabilities to make sure our brands can provide even more personalized propositions for customers. In addition to investing in direct employment, our growth and capital investments also fueled indirect employment in our brand's markets through the work we provided to small- and medium-sized companies focused on areas like construction, digital and technology.

Q&A WITH OUR CEO

Q. Ahold Delhaize continued to invest in growing its omnichannel business. What were the key highlights for you?

As we accelerate on our journey to create a seamless omnichannel experience for customers, we invested proportionally more in technology in 2021 than we did in the years before. In both Europe and the U.S., we're developing strong intuitive and convenient omnichannel ecosystems. While working alongside support companies that provide scale, platforms, capabilities and services to help them drive the omnichannel customer experience, the brands tailor the experience to their local strategies and commercial plans to connect with customers in the most relevant way.

This is enabling our brands to bring new, unique customer experiences to their markets, such as the AH Premium subscription program – the first of its kind in the Netherlands – that lets customers save on both in-store and online orders. Another is the SuperPlus loyalty program at Delhaize in Belgium, that gives discounts on healthy products. In the U.S., Stop & Shop is offering customers an enhanced, more personalized offering through its GO Rewards program that lets customers earn points they can redeem for gas savings, dollars off at checkout or surprise deals.

And we are supporting all of this through the tech investments I mentioned, harmonizing behind the scenes so our brands can rapidly deploy new features and functionalities for customers. For example, the project to transform our U.S. supply chain remains on track. In 2021, The GIANT Company also opened an e-commerce fulfillment center in Philadelphia. Our brands in Europe have rolled out electronic shelf tags to 80% of stores. In the Netherlands, our brands rapidly grew their home shop centers in 2021 to a total of eight, providing extra capacity and employment in the market.

As we communicated at our Investor Day in November, in 2022 and beyond, we will step up our investments in digital, automation and state-of-the-art infrastructure to drive innovation and support our accelerated growth plans to 2025. And, rest assured, we will also continue to execute and time these investments with the same strict rules and discipline that you have come to expect from us in terms of achieving our hurdle rates and return on capital metrics.

Q. You announced more ambitious climate and healthier sales targets. Why was this important?

Over the past year, our associates, customers and shareholders have become even more aware of our global climate challenges and the need to accelerate the transition to a sustainable food system. As a leading food retailer, we are confident that we can make a big difference by working across our brands' supply chains. Our stakeholders are also increasingly interested in understanding how companies are reducing their impact on the planet – and have high expectations around transparency and traceability.

This year, we announced accelerated targets on climate. We committed to reach net-zero carbon emissions across our own operations, ten years earlier than originally planned, by 2040 (scope 1 and 2) and become net-zero businesses across our entire supply chain, products and services by 2050 (scope 3). This is on top of our previous commitment to reduce scope 1 and 2 emissions by 50% between 2018 and 2030. We also joined the Business Ambition for 1.5°C in order to collaborate with others who are committed to ambitious climate targets and further advocate for setting science-based targets to net zero.

I also want to mention our efforts on waste reduction, another very important way we are striving towards a healthier planet. Like all food retailers, we underestimated the challenge of completely replacing our own-brand primary plastic packaging by 2025 with recyclable, reusable or compostable plastics. While we are committed to deliver a path of continuous improvement on this front, we also need to re-evaluate a more realistic go-forward ambition. Reducing plastic waste has

proved to be challenging and complex, from the levels of recyclability of the multiple packaging elements themselves to the availability of a robust recycling infrastructure within some of our brands' markets. In 2021, we set our baseline and worked on improving visibility in our data gathering and reporting. We can now report that 36% of our own-brand primary plastic product packaging is recyclable, reusable and / or compostable, and our brands continue to improve this packaging.

We have reduced total food waste in our business by 18% since 2016 and aim to lower it by 50% in 2030. However, there are many trade-offs between delivering high-quality fresh products that differentiate our brands and reducing food waste. In addition, food bank infrastructure, which is critical for our donation activities, varies in maturity considerably across our markets. As a result, we know we must significantly accelerate our efforts to achieve our food waste ambitions.

We believe we are taking the right steps, and this is reinforced by the third-party recognition we've received. In 2021, we came in number one among food retailers in Europe and the U.S. and number two globally on the Dow Jones Sustainability World Index. In addition, we upped our MSCI grade from A to AA.

COVID-19 has proven how important our healthy food targets are and how strong our conviction is around this work – and also shown us that we can go even further. We believe that what is healthy for people is healthy for the planet. So, we raised our target for healthy own-brand food sales by three percentage points – to more than 55% by 2025. And these healthy sales are measured by our brands through the use of neutral, objective nutritional guidance systems and standards, including Guiding Stars in the U.S. and Nutri-Score in Europe.

With global climate summit COP26 behind us, the world is much more conscious about the immediate steps we all need to take to mitigate our impact on climate change, and we're committed to doing our part. Our targets are out – now it's up to us to deliver.

Q&A WITH OUR CEO

Q. What are the biggest challenges and dilemmas the business currently faces?

We are still facing challenges around product availability and finding enough new associates to support our growth that are partially related to COVID-19, but that we expect will remain in a post-COVID era, as well as heightened inflation.

As I mentioned, the impact of COVID-19 on people's mental health remains another priority for us. We are working to understand better how the pandemic has affected people's mental states and how we can support them. This includes recognizing signs of trouble earlier and supporting managers in seeing and addressing these signals. Working from home, along with the added stress of school closings and loved ones being ill, is putting pressure on families and will continue to make this more challenging.



Customers shopping with selfscan at Albert Heijn.

Q. What are your expectations for 2022?

I expect 2022 will be another year of relative uncertainty, as it's difficult to predict how the COVID-19 pandemic and geopolitical situation in Europe will develop. We'll do everything we can to help customers and communities stay safe and healthy, manage the impact of inflation on their wallets and keep our supply chain steady. We believe we can have a very positive influence on communities and make healthy food available and affordable to even more people.

We will keep looking for solutions to the continued labor shortages we expect to face. Digital and automation will play a role. At the same time, we need to make sure our businesses are great places to work and that people can relate to and rally around our purpose. We will focus on ensuring we have even more attractive workspaces, designed to meet associates' needs in the future of work, and continue to support health and well-being, both within our businesses and in our brands' communities.

We will work hard to make further progress on our ESG ambitions and identify the next steps towards becoming a net-zero retailer. We also want to do our part to address inequality in the communities our brands serve and reach our aspiration to make our own company more diverse and inclusive.

In the coming year, we will continue to be there for customers, offering them more opportunities to eat well, save time and live better. Our brands will work to provide even better propositions, further digitize and keep expanding their e-commerce businesses and making them more profitable. The planned sub-IPO of bol.com we are progressing towards in 2022 will be an important step. We will also work to further connect our brands across food and non-food in the Benelux, something that will help us become a true omnichannel company.

While events keep moving fast and we are sure to face challenges, I'm confident we will have a solid year ahead. We have a company of brands with loyal customers, with a strong financial base, and with the right strategy to lead us into the future and to keep on growing. But even more importantly, we have incredible, motivated people, who are purpose-driven and passionate about serving customers and communities, and who truly set us apart.



Albert now offers online grocery shopping with its Home Free delivery service.



Alfa Beta associate helping a customer.

Q&A WITH OUR CEO
YEAR IN REVIEW

2021 TIMELINE

JANUARY

Ahold Delhaize and Centerbridge Partners close the acquisition of New York City-based online grocer FreshDirect.



MARCH

Ahold Delhaize successfully prices its inaugural Sustainability-Linked Bond, amounting to

€600 MILLION

with a term of nine years.

APRIL

Food Lions's acquisition of 71 stores from Southeastern Grocers is completed.

JULY

Ahold Delhaize is among the first signatories to the EU Code of Conduct on Responsible Food Business and Marketing Practices, and pledges 10 commitments.

FEBRUARY

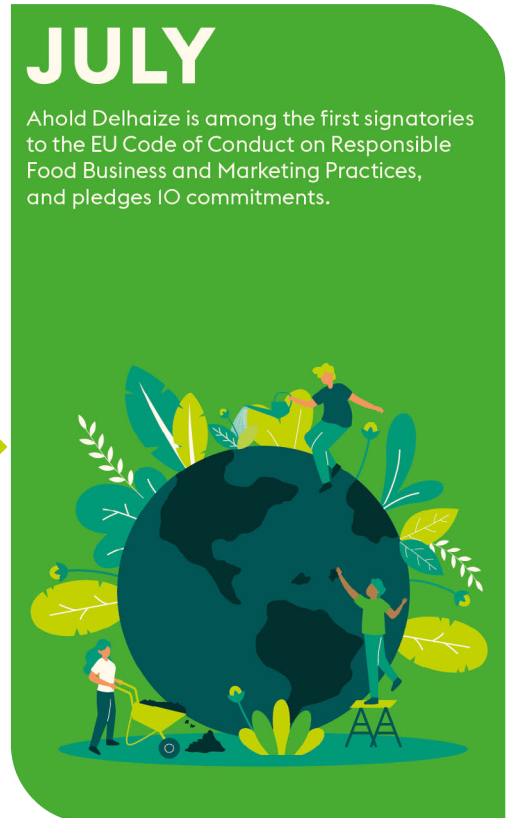
Peapod Digital Labs announces a new micro-fulfillment technology pilot with The GIANT Company in the Philadelphia market.

Ahold Delhaize announces that COVID-19 care in 2020 totaled nearly €680 million, including €21 million of charitable donations, and funded initiatives supporting associates, customers and local communities.



JUNE

Mega Image becomes the first retailer in Romania to introduce the Nutri-Score nutritional navigation system across all own-brand ranges, as one more way to support customers in making balanced choices for healthy eating.



TIMELINE CONTINUES ON NEXT PAGE

Q&A WITH OUR CEO
YEAR IN REVIEW

2021 TIMELINE

SEPTEMBER

The On Track foundation, an initiative of Ahold Delhaize and several partners, launches the free learning app On Track.

Albert Heijn completes the transaction to acquire 38 DEEN stores, including the brand's flower shop and distribution center.



MSCI 

Ahold Delhaize achieves an MSCI ESG rating of AA, upgraded from A, measuring its resilience to long-term ESG risks.

Delhaize reaches the milestone of having two million customers signed up for its SuperPlus loyalty card, that makes healthy eating more affordable.

OCTOBER

Food Lion, the fastest-growing Ahold Delhaize brand in the U.S., achieves its 36th consecutive quarter of positive comparable-sales growth.

NOVEMBER

Ahold Delhaize and its brands commit to reach net-zero carbon emissions across their operations by no later than 2040 (scope 1 and 2) and to becoming net-zero businesses across the entire supply chain, products and services no later than 2050 (scope 3).

The 2021 Dow Jones Sustainability World Index (DJSI World) awards Ahold Delhaize a score of 83 out of 100, equal to the 2020 score and well above the industry average of 26 points, ranking the company highest in the Food and Staples Retailing sector in Europe and the U.S.



Ahold Delhaize presents its targets and strategy during its 2021 Investor Day, announcing it will explore a subsidiary IPO of bol.com and increase its focus on health and sustainability.

The GIANT Company officially opens a new, ultramodern 124,000 square-foot e-commerce fulfillment center in Philadelphia.



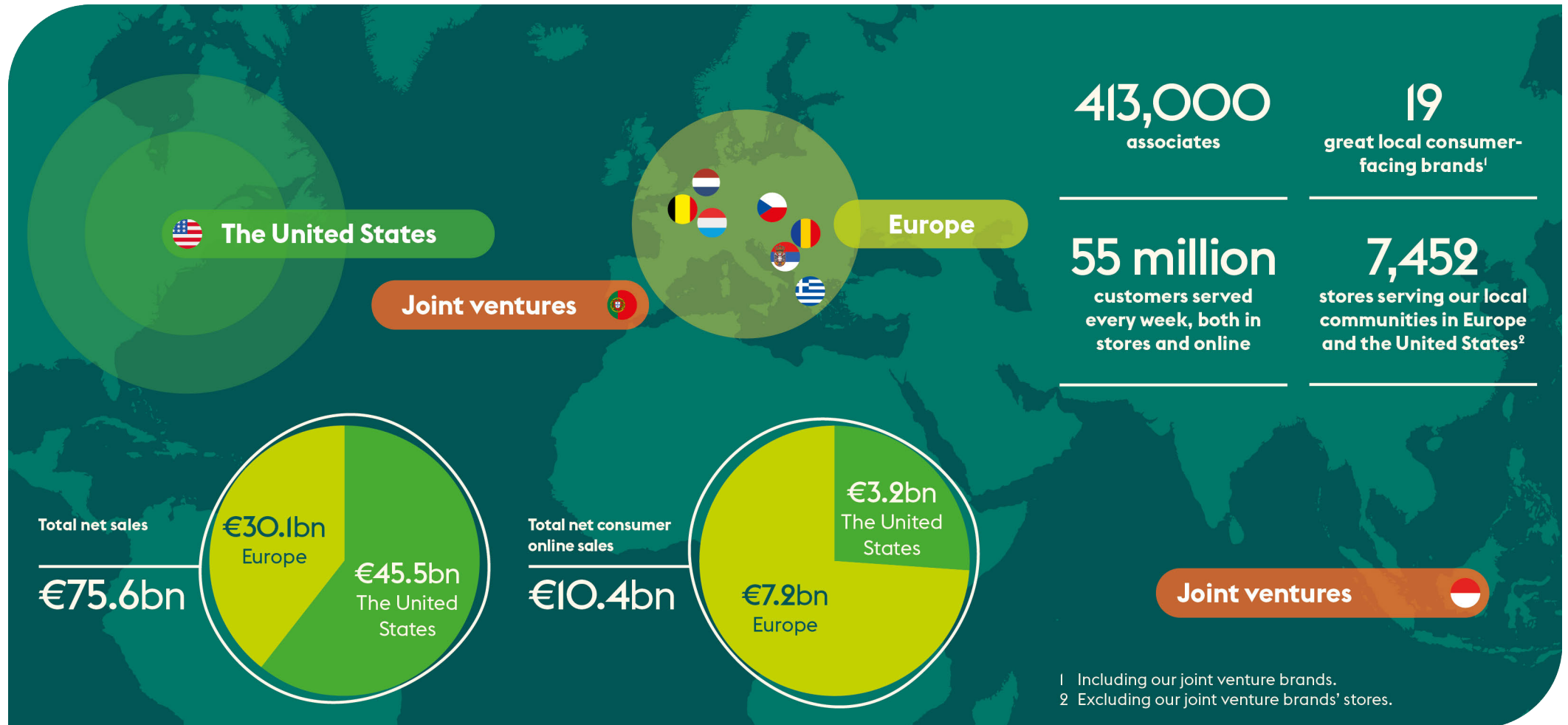
bol.com 

DECEMBER

Bol.com announces the agreement to acquire a majority stake in green and social delivery expert Cyclooon.

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.



OUR GREAT LOCAL BRANDS

The United States

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

GREAT LOCAL BRANDS

FOOD LION

STOP & SHOP

The GIANT Company
GIANT MARTIN'S HEINZ.COM GIANT DIRECT MARKET DIRECT

Hannaford

Giant


freshdirect

Peapod
DIGITAL LABS

Retail Business Services
A Company of Ahold Delhaize USA

ADUSA SUPPLY CHAIN

 **2,048**
stores
2020: 1,970
+78

 **1,389**
pick-up points
2020: 1,121
+268

Europe

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

GREAT LOCAL BRANDS


bol.com

Etos


DELHAIZE


MEGA IMAGE

albert


Gall & Gall
SINDS 1884

 **Βασιλόπουλος**
...και του πουλιού το γάλα!

DELHAIZE SERBIA

 **European BUSINESS SERVICES**

 **5,404**
stores
2020: 5,167
+237

 **253**
pick-up points
2020: 298
-45

Joint ventures

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

GREAT LOCAL BRANDS


SUPER INDO

pingo doce
sóbe bem pagar no pingo

OUR GREAT LOCAL BRANDS

The United States



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

Nourishing neighbors and setting them up for success in life is core to everything Food Lion does. The omnichannel retailer is committed to being a good neighbor and delivering an easy, fresh and affordable shopping experience.

Stores



1,104

(+75 net new in 2021)

Pick-up points



555

(+151 net new in 2021)

[Read more online](#)



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

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.

Stores



406

(-2 net new in 2021)

Pick-up points



370

(+58 net new in 2021)

[Read more online](#)



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

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.

Stores



190

(+4 net new in 2021)

Pick-up points



173

(+14 net new in 2021)

[Read more online](#)



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

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

Stores



184

(+1 net new in 2021)

Pick-up points



132

(+30 net new in 2021)

[Read more online](#)



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

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.

Stores



164

(0 net new in 2021)

Pick-up points



159

(+15 net new in 2021)

[Read more online](#)



Market area: New York, Philadelphia and Washington, D.C. metropolitan areas

New York City-based FreshDirect makes online grocery shopping fast and easy. FreshDirect works directly with farmers and fishermen to deliver the freshest produce, meat and seafood, plus chef-prepared meal solutions, great local finds and brand favorites.

Grocery items delivered to customers every week



3 million

[Read more online](#)

OUR GREAT LOCAL BRANDS

The United States continued



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

Support organization



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

Support organization



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

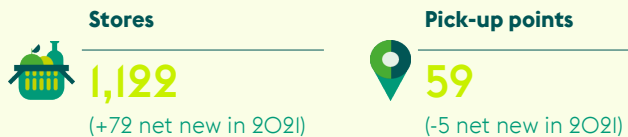
Support organization

OUR GREAT LOCAL BRANDS

Europe



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



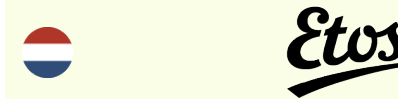
[Read more online](#)



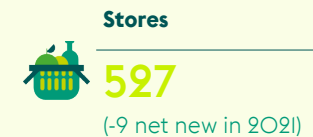
The Netherlands and Belgium: With 47 million unique products offered, bol.com customers have a wide range of choices. That's why 13 million Dutch and Belgians shop on its online retail platform. Bol.com also works with over 48,500 local entrepreneurs who sell through its platform.



[Read more online](#)



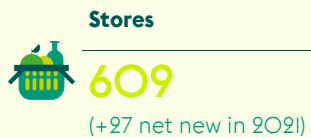
The Netherlands: Etos, the largest health and wellness platform in the Netherlands, has been customers' trusted drugstore for over a hundred years. With stores throughout the Netherlands, there is always an Etos nearby where qualified druggists can offer expert advice. Etos helps its customers to feel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



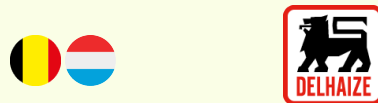
[Read more online](#)



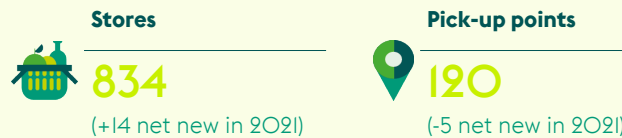
The Netherlands: Gall & Gall has been selling liquor since 1884 and is the largest specialist in the Netherlands. Founder Maria Gall had a motto: "No order too large, no order too small, no order too far." Although times have changed, Gall & Gall's passion to help and inspire customers has remained.



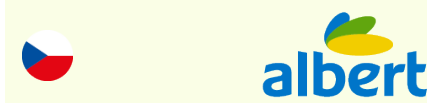
[Read more online](#)



Belgium and Luxembourg: 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.



[Read more online](#)



Czech Republic: 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.



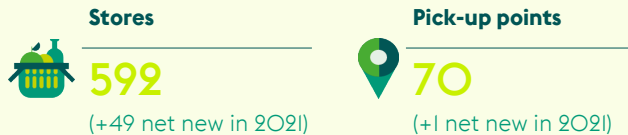
[Read more online](#)

OUR GREAT LOCAL BRANDS

Europe continued



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



[Read more online](#)



Romania: 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.



[Read more online](#)

Joint venture



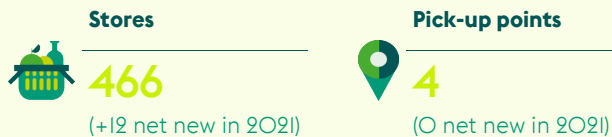
Indonesia: Super Indo is Indonesia’s leading supermarket chain. It goes the extra mile to maintain the freshness and quality of its products, making healthy food accessible and affordable anywhere and anytime. Super Indo is the right choice for shopping that is always fresher, affordable and closer.



[Read more online](#)



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



[Read more online on Maxi and Tempo](#)



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

Support organization



Portugal: 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.



[Read more online](#)

EVOLVING MARKET TRENDS

Our Leading Together strategy helps Ahold Delhaize and our brands successfully address evolving market trends. For details on how we are responding to these trends, see [Our growth drivers](#).

In 2021, the COVID-19 pandemic continued to create uncertainty and impact consumer behavior across our markets. We also felt the pandemic's impact, once again, on the supply chain and in the form of heightened inflation during the year. For more information on this topic, see [COVID-19: Impact and our response](#).

LONG-TERM SHIFT TO AT-HOME CONSUMPTION

Higher demand for food at home, which started during the early days of the COVID-19 pandemic, appears to be here to stay. This is partly because the trend towards working from home, or hybrid working, seems likely to continue. Slightly more than half of customers surveyed, in both the U.S. and Europe, said they expect to work from home more in the future. It is also impacted by the further development of new consumer habits that have emerged over the past two years, with more people cooking, entertaining and socializing at home.

As some COVID-19 related trends prove long-lasting, we expect the baseline for food at home demand to readjust to a higher level.

CONTINUED E-COMMERCE GROWTH

The COVID-19 pandemic led to a higher demand for online shopping that we believe will persist and continue to accelerate in the longer term. A total of 60% of U.S. consumers expect to continue to shop online at the same frequency, or even more often, in the future. Across all retail categories, including grocery, 60-70% of adults are now omnichannel consumers, buying with retailers through multiple channels. New forms of omnichannel shopping – such as “live commerce”

which lets consumers watch an online livestream broadcast and shop at the same time – are becoming commonplace, especially among Generation Z (Gen Z) and Millennial consumers. Live commerce has the potential to account for as much as 10–20% of all e-commerce by 2026.

NEW BUSINESS MODELS AND CUSTOMER EXPECTATIONS

New (grocery) retail business models are emerging at an increasing speed, fueled by technological developments and the high adoption rates of e-commerce in recent years. Instant grocery players have grown across the U.S. and Europe, often supported by venture capital funding. These players promise rapid delivery in as little as ten minutes, enabled by “dark stores” that serve relatively small catchment areas in strategic urban locations. Many companies that used to specialize in the delivery of prepared meals are now also entering the grocery space. As a result, customer expectations regarding availability, assortment and fulfillment speed are increasing continuously.

ONGOING EMPHASIS ON HEALTH AND WELL-BEING

COVID-19 has led to an overall shift in consumers' priorities. Particularly in the U.S., we've seen a trend towards people placing more value on family and health, and less on career and work. We believe that consumers will remain focused on health and well-being. Two-thirds of U.S. consumers surveyed said they are trying to eat healthier, and 63% of American customers want to buy healthier food – but either don't know how or can't afford to, opening up significant opportunities for retailers to step in to make it easier and more affordable to make healthy choices.

VALUE REMAINS PARAMOUNT – BUT GOES BEYOND PRICE

Value remains the most important consideration for consumers in our markets. In most countries, consumers intend to continue shifting their spending to essentials, while cutting back on most discretionary categories. Value remains the primary reason for customers to try new brands as well as new places to shop. Two-out-of-three customers said they will try new brands if they offer better value. This presents an opportunity for retailers to shift customers towards own-brand products and redefine value beyond price to include benefits such as health, sustainability and experience.

After value, convenience and availability are most often cited by consumers as top drivers when deciding where to shop, while quality and purpose – for example, a desire to support local businesses – are the more important considerations when choosing new brands.

INCREASED IMPACT OF CLIMATE CHANGE

The climate crisis is expected to have an increasing impact on society, changing the way companies are run across all industries. We're seeing increasing societal pressure on governments and businesses to decarbonize operations, with the expectation of reaching global net zero by mid-century and limiting global warming to 1.5°C. Consumers, employees, regulators and shareholders are not only expecting companies to reduce carbon emissions but also tackle issues such as biodiversity, circularity, deforestation and water usage – and be transparent about their progress. This mindset shift is expected to continue over the next decades as climate change is especially relevant to the younger generations: among members of Gen Z, 55% said they were very or extremely interested in environmental issues.

CHALLENGING MACROECONOMIC ENVIRONMENT

Inflation, labor issues and supply chain challenges continue to create economic headwinds for the food retail industry. We're seeing sharp spikes and increased volatility in commodity prices.

At the same time, COVID-19 has led to workforce changes, with a record number of Americans quitting their jobs in late 2021 and 44% of employees planning to change jobs in the next 12 months, citing the desire for a better work-life balance as a top reason.

The entrance of Gen Z – sustainability-minded digital natives who embrace work-life balance – into the workforce is also driving a cultural shift. Millennials and members of Gen Z view flexibility and adaptability as the employee characteristics most important to the success of their organizations by a large margin. Since 41% of our brands' associates are part of Gen Z, this trend is a priority for Ahold Delhaize.

Finally, we are still grappling with ongoing global supply chain disruptions – initially caused by COVID-19 and the resulting volatility in demand and continuing to cause a ripple effect through the system.

You can find more on the macro-economic trends impacting our business in [Macro-economic trends](#) under [Group review](#).

LOCAL HEROES

THE NETWORK BEHIND U.S. OMNICHANNEL GROWTH

The future of retail is omnichannel – and the right supply chain is essential.

To meet customers' individual needs online, in-store and everywhere in between, Ahold Delhaize USA businesses are creating a more durable omnichannel supply chain.

Now at the mid-point of a three-year transformation, the U.S. businesses are bringing new facilities into their self-managed network in key areas to support the retail brands. They are deploying innovative technology, using artificial intelligence to more precisely predict demand for fresher products with less waste, automation to enhance efficiency, wearable robotics to reduce fatigue and injuries, and even virtual reality training to make distribution centers a safer place to work.

And they're doing it with care for communities and the planet, investing in associate development, increasing energy efficiency and leveraging technology to operate more sustainably. Despite the COVID-19 pandemic and unprecedented supply chain challenges, the team continues to deliver on schedule.



The transformation of the U.S. supply chain is a strategic investment at the core of accelerating omnichannel growth. We're excited for what the future holds.”

Roger Wheeler, President of Retail Business Services



COVID-19: IMPACT AND OUR RESPONSE

COVID-19 continued to have a significant impact on our lives in 2021, as infection rates fluctuated and societies in our brands' markets opened and then closed again. Our approach to the pandemic was, as always, driven by our commitment to maintain a stable food supply chain, provide a safe shopping environment for customers and associates and support our communities.

Despite the challenges we faced, our brands were able to provide customers with healthy and affordable food options, operating in compliance with rapidly changing local regulations and managing global supply chain disruptions.

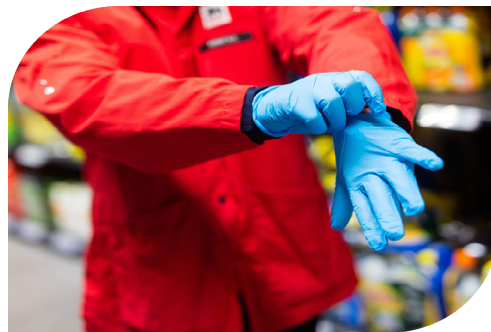
Our strategy kept us well positioned to address changing circumstances, and our associates continued to do a fantastic job in keeping local stores open, deliveries running and shelves well stocked, to help us fulfill our pivotal role in society.

Please note that in this section and the rest of the report, we also refer to the COVID-19 pandemic as "COVID-19" or "the pandemic."

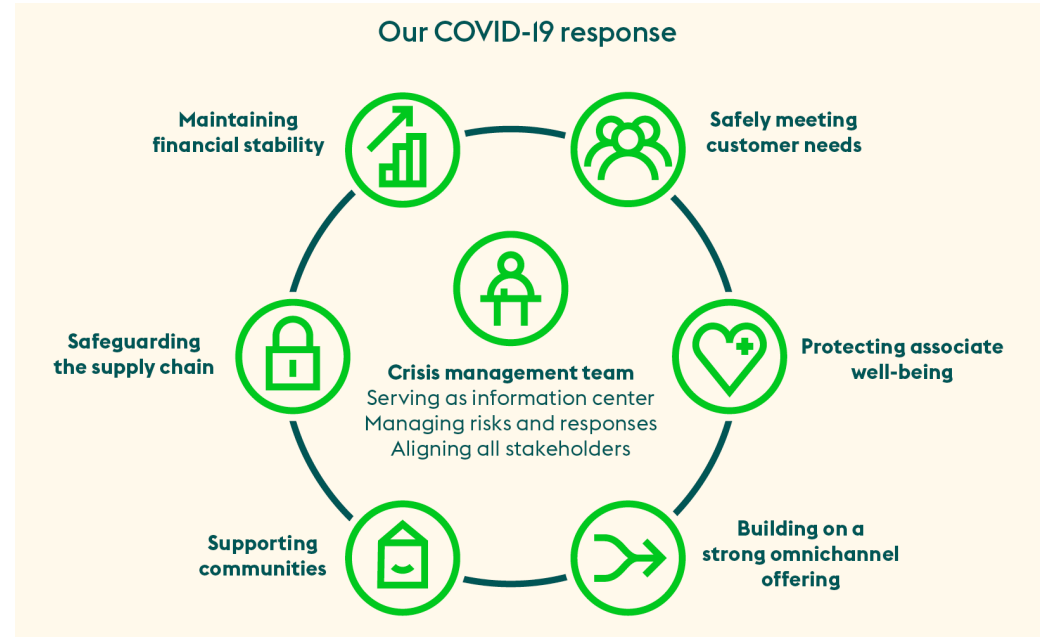
OVERALL CRISIS RESPONSE

Over the past year, our global, regional and local crisis management teams continued to monitor the development of the pandemic, oversee activities, engage with relevant functions within the company, connect with local governments, and advise senior management on policy questions, risks and actions to be taken to mitigate its impact on our overall operations. We evaluated and updated our mitigation activities on a bi-weekly basis.

Since the start, our pandemic response has been based on six main principles: safely meeting customer needs, protecting associate well-being; supporting communities; safeguarding supply chains; building on a strong omnichannel offering; and maintaining financial stability (see infographic to the right). The actions we took across the brands and businesses were aimed at living up to these principles. In 2021, we invested an additional €364 million into safety and preventative measures (including sanitation and protective equipment) in stores and distribution centers, and donations to communities.



Safety measures in place at a Delhaize store.



Safely meeting customer needs

As essential businesses, even in the midst of rapidly changing circumstances our local brands were able to keep stores open, provide safe shopping experiences, ensure products were available to customers and communities and deliver food safely. The brands continued to utilize safety measures in the stores that were put in place in 2020, including disinfection practices, face masks, personal protective equipment for associates and social distancing protocols – all in line with and continuously adapted to local regulatory requirements.

INFORMATION SECURITY

In 2021, we continued to see cyber attacks leveraging the COVID-19 pandemic, as part of an overall increase in malicious activity across all our brands. We blocked 10 billion attacks worldwide, a fivefold increase compared to 2020. We also prevented 16 million suspicious emails from entering our IT environment. During the year, we worked to keep data safe by further improving our tools and processes. In addition, we took gamification to a new level, for example, by offering a cyber-escape room exercise to associates with the goal of reinforcing key security concepts and strengthening the guidance we provide to help them play a key role in defending the company against cyber attacks.

COVID-19: IMPACT AND OUR RESPONSE

Protecting associate well-being

Associates across the brands and businesses worked tirelessly, through shifting pandemic conditions and rapid public policy changes, to ensure that people in local communities had the food and products they needed. Safety staff, for example, continued to take on additional work from the pandemic alongside their regular responsibilities, to ensure the health and safety of customers and associates. These efforts to provide safe places to shop and work were well appreciated by our brands' communities. For example, Giant Food was named one of the top places to work in the Washington D.C. area by the *Washington Post*.

Our brands also continued to perform regular health assessments and temperature taking, and virus tracking if any associates became ill. They helped make it easier for associates to get tested and vaccinated. For example, Albert Heijn and bol.com collaborated with local health authorities to put mobile vaccination stations at distribution centers. Super Indo engaged in a retail sector initiative that enabled them to achieve a 98% vaccination level among associates. The U.S. brand pharmacies played an important role in ensuring not only customers, but also associates could get vaccinated.



U.S. Vice President Kamala Harris visits a Giant Food Pharmacy.

This second pandemic year continued to be a challenging time for people in all our markets, faced with constant change and the need to find ways to live and work safely – while experiencing fear, grief and loss. We have continued to focus on opening up the topic of associate mental health and providing help where needed.

HYBRID WAYS OF WORKING

All of the brands maintained flexible work guidelines, or a hybrid way of working, for office-based associates, in line with their local cultures and government guidelines. Some brands kept offices open but did not require associates to go in. Other brands asked associates to come to the office for a few days during the week. For example, associates in the Dutch support office could decide how often and which days to go to the office, as long as they did between one and three days per week. Our brands also used this time to ask for input on how associates would like to work in the future. The majority of support office associates indicated they would like to continue working from home for at least part of the work week. Our local brands took this input into account and some followed trends in the market towards redesigning offices to fit the new hybrid ways of working – for example, by replacing assigned desks with flexible work spaces combined with desk reservation tools, and designing creative collaboration spaces equipped with technology. When the first associates made their return back into the office, the brands put in place safe distancing measures, signing, routing and desk reservation to keep people healthy. FreshDirect permanently updated its main office entrance to emphasize safety and hygiene. Anyone entering the office has their temperature measured electronically and is asked to wash their hands in adjacent sinks before heading further into the building.

In a world where distance and hybrid working are now widespread, our brands also worked to find new ways for associates to connect with each other, learn more about each other and feel part of the team. For example, Peapod Digital Labs published an associate spotlight video series to engage potential applicants and inform fellow associates about the various job roles it offers.

In 2021, 76% (2020: 76%) of associates, in aggregate, said they found their brand or support office to be a healthy workplace. We believe this stable result was a good achievement in a second pandemic year when associates would naturally have more concerns about safety and wellness.

Building on a strong omnichannel offering

While brick-and-mortar stores still account for the vast majority of our sales and profits, we continued to accelerate our expansion into home delivery and pickup to meet COVID-19-driven demand. We believe that online purchasing will continue to grow; see *Evolving market trends* for more information. To serve this need, the U.S. brands opened 270 click-and-collect points, including converted pick-up points, in 2021. See *Drive omnichannel growth* for more examples of how we built our offering in 2021.

Supporting communities

In 2021, we continued to support our communities and live up to the trust our brands have built over the years, and particularly during the pandemic crisis. During 2021, the Ahold Delhaize brands collectively contributed nearly €200 million in charitable donations to local food banks, national and private health systems, the Red Cross, medical facilities to further research on COVID-19, and to feed first responders in critically hard-hit areas.

Our pharmacies in the U.S. were major distribution points for the COVID-19 vaccine in their markets. They administered approximately 1.8 million COVID-19 vaccines in a broad effort across Giant Food, Stop & Shop, The GIANT Company, Hannaford and Food Lion.



Super Indo associates wearing protective face masks.

COVID-19: IMPACT AND OUR RESPONSE

Safeguarding supply chains

COVID-19 continued to put incredible stress on the supply chain, requiring us to collaborate much closer across the chain than ever to meet customers' needs; this was greatly facilitated by the close partnerships our businesses have developed with suppliers over the years.

While our European brands managed to ensure high levels of product availability to customers, our U.S. brands continued to have challenges in some product categories. This was mainly because some manufacturers were not able to meet customer demand due to workforce absenteeism. In addition, shortages of some raw materials used to produce products – both for sale and not-for-resale – resulted from increased demand due to the economic recovery in addition to the continued impact of COVID-19 on national and international supply chains.

Maintaining financial stability

Our results and free cash flow continued to be favorably impacted by the COVID-19 pandemic. See [Performance review](#) for more information about our financial performance in the context of the pandemic.

While there was government assistance available to companies during the year in several countries where our brands operate, we did not apply for any government assistance.

ADAPTING TO CHANGING CIRCUMSTANCES

Across our brands' markets, as governmental measures eased and tightened in line with infection rates, our brands continued to comply with local measures to keep associates and communities safe. The continued shifts created challenges for teams across the brands. For example, the U.S. brands prepared to comply with potential government vaccine and testing mandates around employers with 100 or more employees, the OSHA Emergency Temporary Standard to minimize the risk of COVID-19 transmission in the workplace. This was a time-consuming process, filled with uncertainty and challenges, including the risk of losing associates to smaller companies that would not have to comply with the mandate. FreshDirect has been an industry front-runner in this area and was one of the first companies to have vaccination and testing mandates in place.

The brands continued to face higher rates of absenteeism during the year but were able to hire new associates and avoid business interruptions. For the second year, our associates did an incredible job adapting to change and uncertainty so that we could be there for customers and communities.

COVID-19 is proving to have a long-term impact on consumer habits across all areas of life. Our strategy has prepared us well to adapt to this and we are accelerating in certain key areas so we can keep helping our customers eat well, save time and live better. For more information on long-term market trends and our strategic response, see [Evolving market trends](#) and [Our strategy](#).



Alfa Beta associate wearing protective face mask.



Stop & Shop providing meals to healthcare first responders.



Through various initiatives, Food Lion Feeds donated a total of 152 million meals in 2021.



FreshDirect grocery delivery driver on his route.

LOCAL HEROES

ONE YEAR, A DOZEN WAYS TO CARE

Mega Image's "12 Acts of Kindness" program offers different opportunities each month for associates to engage in their communities and help causes that matter to them and their customers.

In its second year, the brand's community of #Megavolunteers grew each month. As the pandemic persisted, associates felt an even stronger need to give back to society. Over 300 #Megavolunteers supported a total of 20 causes during the year, in partnership with 14 NGOs. Their work benefited 700 people directly and over 5,000 people indirectly through projects that included donating gifts to victims of domestic violence; raising funds and donating school supplies to underprivileged children; supporting the construction of the first hospital in Romania for children with cancer, trauma and other severe diseases; and taking part in a workshop on reducing food waste.



12 Acts of Kindness reminds us how lucky we are. You can prove to yourself through every action that you can be a better person and that nothing in this world is random."

Elisabeta Popescu, Customer Advisor



STRATEGIC REPORT

OUR LEADING TOGETHER STRATEGY

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 - 30**  Cultivate best talent
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OUR LEADING TOGETHER STRATEGY

Our Leading Together strategy has served us well for the past three years. Even through the challenges of COVID-19, it has helped us to stay resilient and continue to achieve strong results.

OUR PURPOSE

Eat well. Save time. Live better.

[Read more](#)

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

[Read more](#)

OUR VISION

Create the leading local food shopping experience

[Read more](#)

OUR GROWTH DRIVERS



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

[Read more](#)

OUR PURPOSE



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!

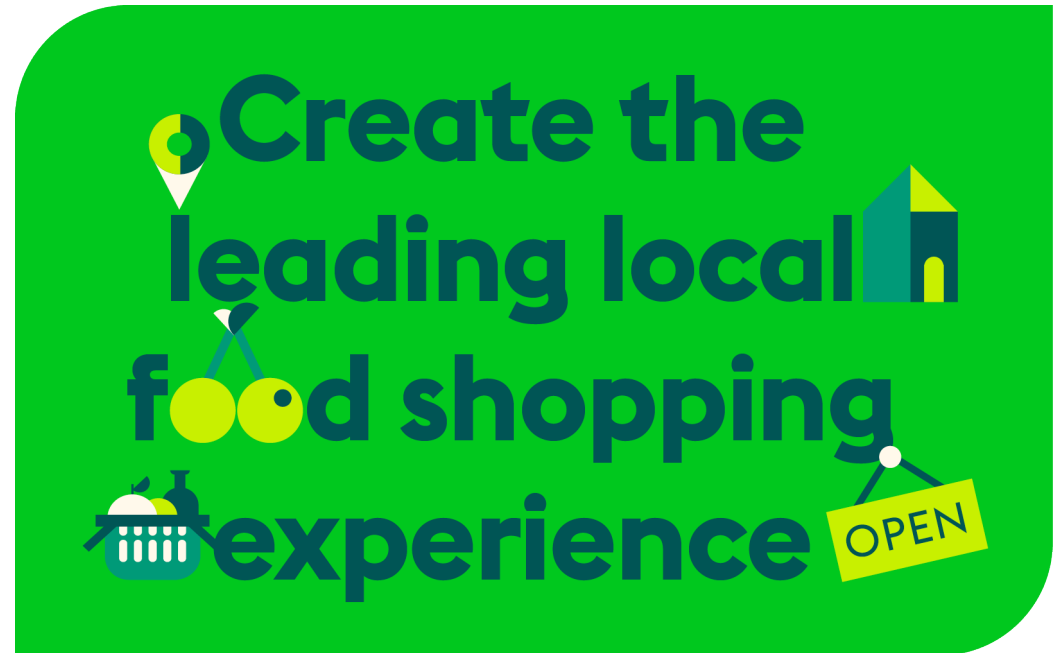
SAVE TIME

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



LEADING

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

LOCAL

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

FOOD

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

SHOPPING

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

EXPERIENCE

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

OUR GROWTH DRIVERS



Drive omnichannel growth

96%

2021 net sales from markets where our brands have a #1 or #2 position

38.2%

2021 net online consumer sales growth (at constant rates)

1,642

pick-up points by the end of 2021

15.0 mln

monthly active mobile app users (2021)

OUR AMBITION

Customers interact with our brands at many touchpoints throughout their busy lives – we call this the customer journey. Through our omnichannel offering, our brands are working to provide a seamless experience in all phases of the journey – one that is relevant for local customers and enables them to shop on their terms: when and how they want. It's part of how our brands help customers navigate the choices they encounter, from planning to shopping to enjoying their meals, and fulfill our purpose of helping people eat well, save time and live better.

Our Omnichannel Customer Value Proposition to the right outlines the seven areas our brands focus on that impact this customer journey. Among these are three where our brands really excel and differentiate themselves: fresh and healthy, local and trusted and personalization.

A typical customer journey....

When planning for the weekly shopping trip, a customer adds previous purchases to their in-app shopping basket and notices a personal offer for veggie burgers.

The app suggests a homemade coleslaw recipe as a side dish and the customer adds the ingredients to their basket – planning a healthy family dinner with a few clicks.

To save even more time on a busy workday, the customer places a click-and-collect order via mobile phone, which will be ready for pickup when they get to the store.

On a day off, the customer comes back into the store to explore the new assortment of local cheeses and fresh bread from the bakery, checking out quickly and seamlessly with self scan.

Our Omnichannel Customer Value Proposition outlines the seven areas our brands focus on:



STRATEGIC CHOICES AND CHALLENGES

Unlocking new revenue streams while protecting the customer experience

Data is becoming an increasingly important part of our business; it powers everything we do. Our brands use data to improve the customer experience, make operations more efficient and fuel complementary revenue streams. We are uniquely positioned to collect valuable data across our channels on a wide range of shopping behavior. This data can be used to provide digital and in-store services to customers and also generate revenue through advertising and

insights to help us power our omnichannel offering; in fact, we announced our ambition to grow towards €1 billion in complementary revenue streams by 2025.

With these revenue opportunities, however, comes the responsibility to carefully consider both how our brands protect customer data and how the customer experience is impacted. Advertising, either in-store or online, can distract and put customers off if the content is not relevant. Our brands need to carefully balance paid and organic experiences to provide a great customer journey. Data privacy is another key consideration – and a priority for us. Our brands are committed to processing and using customers' data ethically and responsibly.

OUR GROWTH DRIVERS

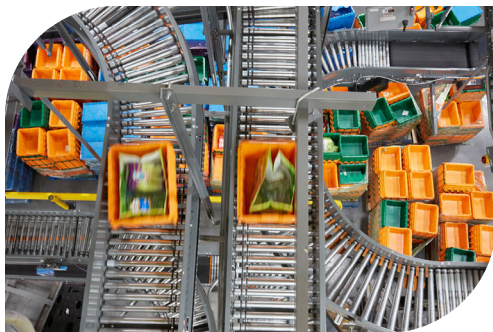
OUR PROGRESS AND FUTURE PLANS

Our focus on driving omnichannel growth is centered around four areas:

Grow e-commerce and profitability

Every month, millions of customers use our brands' websites and apps to do their shopping – and we continue to invest in e-commerce growth and profitability. Our brands have more than doubled their online capacity since 2018. In the U.S., the brands now operate almost 1,400 click-and-collect and pick-up points. Our bol.com and FreshDirect brands have both grown their customer and partner bases; bol.com now has over 48,500 Plaza partners. And we've more than doubled net consumer online sales since 2018 – one year ahead of our target.

In years to come, we will scale Albert Heijn's premium subscription model and compact e-commerce models to select markets in Europe, starting with Albert in the Czech Republic. Not only is this compact model environmentally sustainable, but the brands will be able to share its efficiencies with customers through lower delivery fees.



FreshDirect's state-of-the-art fulfillment center in the Bronx.

We expect at least half of Ahold Delhaize's growth between now and 2025 to come from online sales and project that net consumer online sales will double by 2025.

Drive seamless omnichannel engagement

Customers expect a completely easy, seamless and omnichannel shopping experience, from ordering on their phones to moving through the store, while getting value at every step and every click. We can offer this in a unique way by combining the best of our brands' local expertise with the scale benefits of our global footprint.

We have announced our plans for winning in the greater New York City area through a cooperative effort by Stop & Shop and FreshDirect. Bringing together the best of both brands and linking their digital and physical presences together will enable them to provide a unique and seamless omnichannel offering to more customers, delivering fresh and healthy food wherever, however and whenever they wish to shop. We believe the combined efforts will generate significant opportunity for synergies and customer experiences that will allow these brands to grow their combined market share in the area.

In Europe, we have a truly unique opportunity to win in the Benelux, with the leading number one and number two food retail brands in the region, Delhaize and Albert Heijn, and the number one online marketplace, bol.com. Combined, the brands support all types of shopping journeys from single item to full shopping baskets.

We have decided to leverage this unique footprint in the Dutch and Belgian markets to further connect the three brands' omnichannel customer journeys so they can fulfill almost every food and non-food need customers have. This will significantly enhance the customer experience, creating more convenience, more value and more relevance.

Optimize our brick-and-mortar footprint

Our brands will continue to deliver new, vibrant, modern store formats and experiences that are powered by technology and feature tangible sustainability improvements.

We are expanding our footprint strategically, for example, through the acquisition of 38 DEEN stores in the Netherlands. Albert Heijn was able to finalize the conversion of stores and expand its reach before the important December 2021 sales period.

With our model of running urban stores in Europe proving successful, we now have the unique opportunity to leverage these learnings in the United States as our brands continue to focus on urban markets. One example is the expansion of the GIANT Heirloom Market format in Philadelphia, serving city center residents with a focus on fresh products, local partnerships, digital tools, and a curated range within unique architecture. While the offering at each GIANT Heirloom Market is uniquely selected for its neighborhood, the learnings are universal and helped the brand grow with the opening of the first full-sized GIANT supermarket in Center City Philadelphia.

Drive price, value and assortment

One way our brands are driving price, value and assortment is by improving the fresh and healthy proposition. For instance, our European brands have upgraded the bakery and deli departments, which drive more frequent customer visits. Albert alone improved 330 delis and bakeries across all its supermarkets and hypermarkets in recent years.

Customers also value products that have a strong local connection. Our brands have significantly increased the number of local delicacies in their assortments. For example, Mega Image's Gusturi Românești line of own-brand products are made with ingredients according to the tradition of original Romanian recipes.

As part of our customer value proposition, our brands are investing in price. Our European brands will introduce around 1,500 "price favorites" – high quality products that are always priced competitively – to improve both price reality and price perception.



Mega Image's Gusturi Românești line of own-brand products.

OUR GROWTH DRIVERS



Elevate healthy and sustainable

53.6%

of total own-brand food sales from healthy products in 2021¹

18%

food waste reduction in 2021 compared to our 2016 baseline

31%

reduction in absolute CO₂-equivalent emissions in 2021 compared to our 2018 baseline²

36%

of own-brand primary plastic product packaging that is recyclable, re-usable and / or compostable in 2021

OUR AMBITION

We believe that what's healthy and sustainable should be accessible and available to all. We are working towards this through our "Grounded in Goodness" strategy, that focuses on healthier people and a healthier planet. Grounded in Goodness, officially launched in 2021, is based on the idea that the world's health crisis and climate crisis are intrinsically linked. We believe that if we get it right for ourselves, we usually also get it right for the planet. And acting responsibly today is imperative to securing a better tomorrow for generations to come.

Our approach ensures the decisions we make are grounded in doing the right thing for people and planet. We collaborate closely with our partners and our brands to empower customers to join this journey with us.

Our brands' marketing, reward programs and store designs ensure that what's healthy and sustainable is affordable, accessible and inclusive for all. Teams across the brands innovate to make products even healthier, more interesting and more varied. The brands source locally, help farmers get a fair deal and work with suppliers to improve the food supply chain. Through it all, we are transparent in highlighting our progress and making better choices clear.

All of this helps us to make healthy and sustainable choices into easy choices, for everyone.

STRATEGIC CHOICES AND CHALLENGES

Climate change

There is increasing consensus around the globe that what we do to slow climate change over the next decade is critical to ensuring a healthy future for all of us. As a company of mainstream retail brands, we have an important role to play in helping people make healthy and sustainable choices. But we can't do this alone – we need to work together with the other players in our complex value chain to ensure positive changes can be maintained in the long term.

Our challenge is to make sure we drive improvements in our own operations and, at the same time, partner across the value chain to create markets with the right supply and demand to support and sustain the growth of healthier and more sustainable diets. And as grocery retailers, we need to do this while staying focused on pricing, assortment and quality, all of which are of paramount importance to our brands' customers. See also *In focus: Climate change* for more information.

We make healthy and sustainable choices easy for everyone



1 Figure is impacted by the transition to the Nutri-Score methodology instead of Choices in our European brands. See [ESG statements](#) for more information.

2 Figures restated, see [ESG statements](#) for more information.

OUR GROWTH DRIVERS

OUR PROGRESS AND FUTURE PLANS

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

Healthier people

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

CUSTOMERS AND ASSOCIATES

Our brands are focused on making healthy and sustainable choices easier for both customers and associates by providing relevant information and rewarding people for making better choices. For example, through SuperPlus, Delhaize in Belgium was the first of our European brands to integrate healthier choices into its loyalty program. SuperPlus gives additional discounts on products that receive a healthy score from the nutritional navigation system, Nutri-Score. More than two million customers have already signed up for the program.

Our brands continue to drive transparency about nutritional value through Nutri-Score in Europe and Guiding Stars in the U.S. They will expand these programs to cover the social and environmental impacts of the products they sell.

In the U.S., the brands have already started this work with the HowGood program. An independent research company, HowGood brings customers an easy-to-use environmental and social impact rating system based on criteria in areas that include farming practices, treatment of animals, labor conditions and chemical use.

PRODUCTS

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

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



Albert Heijn associate restocking fresh produce.

COMMUNITIES

As we have seen during the COVID-19 pandemic, our brand's stores are more than just stores. They are meeting places that are central to the neighborhoods they inhabit. Over the next ten years, we want to develop that even further, making them more welcoming, more resilient and more local.

Our brands already support many causes that are important to local communities, for example, fighting hunger in communities by diverting surplus food to food banks and charities.

Healthier planet

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

OWN OPERATIONS

We see the greatest planetary impacts in our own operations through food and plastic waste and through carbon emissions from energy consumption, refrigerant leakage and transport emissions in our brands' operations.

Food and plastic waste

In 2021, Ahold Delhaize produced 258,528 tonnes of food waste. This is both an environmental problem and a business problem – and one we are working to solve.

Plastic waste is another environmental issue that is very visible to our customers. However, while plastic product packaging can end up in landfills, it also improves product safety and extends shelf life, which helps to reduce food waste.

We are committed to addressing both of these challenges. As we look ahead, we will continue to work on our ambition to reduce food waste by 50% by 2030 compared to our 2016 baseline. We also aim to achieve 100% recyclable, reusable or compostable primary plastic packaging from our own-brand products. We are reporting our progress for the first time in this year's Annual Report. See the [ESG statements](#) for details of our performance on food waste and own-brand plastic product packaging.

Energy consumption

Our brands build and remodel stores in the most energy efficient way by installing LED lighting and retrofitting refrigeration systems with doors and seals that save energy.

They also implement lower carbon heating by switching to more efficient heat pumps and district heating. This is not only good for reducing carbon emissions, but will also lead to financial savings as we use less energy.

All of these efforts have enabled our brands to reduce energy consumption per square meter sales area by 17% compared to 2020.

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

Refrigerants

Since 2018, our brands have reduced the global warming potential of refrigeration systems, leading to a 25% decrease in refrigerant emissions – and they will continue to bring this number down. When our brands remodel stores, they use refrigeration systems with a lower global warming potential or, where possible, use natural refrigerants. To minimize costs, our brands phase replacement with planned store remodels, using an approach that is tailored to the refrigerant system installed and coolant currently used.

Transport

As much as possible, our brands will make use of low-energy transportation methods, such as electric vehicles or vehicles that use fuels with low carbon emissions.

Our brands also utilize technology to improve route optimization and reduce last-mile costs. For example, in the U.S., the brands are working on a new last-mile enterprise routing solution and automated route planning.

And in Europe, our brands are working to improve the fill mechanism of vans to allow for more orders per trip.

OUR GROWTH DRIVERS

FARMERS AND SUPPLIERS

Our brands work with thousands of farmers and suppliers who create hundreds of thousands of products. Leveraging the strong relationships they've built over the years, our brands can work for positive change across the entire supply chain. They drive supplier engagement and cooperate with farmers and producers to protect, restore and sustain forests and other eco-systems.

An example of the power of long-term relationships is Albert Heijn's "Better For" program. Our Dutch brand partners exclusively with more than 1,000 suppliers and farmers to ensure production is better for animals, farmers, and the environment. The program includes a premium for the farmer and a guarantee of sales (for example, five cents more per liter for carbon-neutral milk). The results are decreased carbon emissions in the value chain, improved biodiversity and more transparency around how products are produced.

Another example is The GIANT Company's partnership with Rodale Institute, the leading voice in developing solutions for the regenerative organic movement. The GIANT Company supports three key Rodale initiatives that are centered on farm consulting, farmer training and research. Through this program, farmers will be supported in the transition to organic farming and receive training in regenerative organic agriculture.

Our elevate healthy and sustainable growth driver is helping us address ESG topics including: healthy products, food waste, carbon emissions and climate impact, sustainable packaging, sustainable agriculture and fair labor practices in the supply chain. For more information, see [Introduction to ESG](#).



Maxi associate helping a customer make healthy food choices.



Local produce in Hannaford store.



Remodeled Stop & Shop store with new refrigerant system.

OUR GROWTH DRIVERS



Cultivate best talent

79%

Associate engagement score (2021)

OUR AMBITION

Everything we do to create the leading local food shopping experience is enabled by our people. The 413 thousand associates working in our brands' stores and support offices create relationships with customers and communities – the trust our business is built on.

We are passionate about creating healthy, engaged and inclusive workplaces. We strive to reflect the markets we serve and make sure associates' voices are heard and valued. We want everyone who works for our brands and support offices to find purpose in what they do, have equitable access to opportunities and be able to grow and contribute to their fullest.

We aspire to a workforce that is 100% gender balanced, 100% reflective of our markets and 100% inclusive.

73%

Associate development score (2021)

79%

Inclusive workplace score (2021)



Food Lion associate helping a customer at the checkout.

STRATEGIC CHOICES AND CHALLENGES

Showing we care

Care is not just one of our values – it's in our DNA. Well-being matters to us and people look to our brands to be their partners in living better. As employers, our brands and businesses support associates in making healthier lifestyle choices, help them find balance in their work and personal lives and encourage them to be purpose-driven.

The challenge is to do all this in a way that is relevant to our brands' diverse workforces, which include people from multiple generations and backgrounds, each with different needs. So, our brands strive to offer benefits, programs and initiatives to support well-being in a way that is locally appropriate, because they understand the needs of their associates best. This extends to helping the communities where associates live and work to overcome challenges, such as the COVID-19 pandemic and extreme weather disasters that struck many markets this year. Our brands' associates showed their commitment to serving communities during these difficult times, converting anxiety into productive energy.

For example, when a tornado tore through Kentucky, the local Food Lion store did not sustain damage, but the surrounding community did – including several associates' homes. Food Lion teams helped unload water donated by the brand and provided food boxes and Food Lion gift cards to help those impacted.

Our approach to caring for associates and communities has led to positive results – associates tell us through our annual engagement survey that they are happy with the support they receive from the brands.

Doing business in a challenging labor market

In 2021, as the pandemic situation stabilized in some markets, the labor environment became tighter and more volatile. Associates were presented with external job opportunities and talent poaching became more prevalent. In the competitive U.S. labor market, it has been particularly challenging to find, and keep, talent. As a company that is successfully navigating the pandemic, we have had to guard against losing valuable team members. We saw an overall associate turnover of 62%.

So, we focused on what counts most: meeting associates' changing expectations and increasing engagement. Our local brands invested in refreshing their cultures and branding, increasing wages and highlighting their long-term employment benefits. For example, Peapod Digital Labs is creating new higher-level software engineering roles to lengthen the career path and retain associates.

On the positive side, we welcomed many talents with diverse backgrounds into the organization in 2021. To make sure our diverse associates feel welcome and want to stay, we've made inclusion a top priority. See *In focus: Diversity and inclusion* for details.

OUR PROGRESS AND FUTURE PLANS

Our cultivate best talent growth driver centers around four priorities:

Create the future of work

Across our businesses, teams are accelerating our work to bring to life our vision of the future of work in customer-centric ways that support our omnichannel and digital ambitions. For example, in 2021, Albert Heijn restructured its store organization for the first time in 15 years to address changing customer needs, shifts in assortment and technological innovations.

OUR GROWTH DRIVERS

The new organization emphasizes powerful teams – with specialized managers in key areas of fresh produce, operations and service – craftsmanship and good cooperation, to help them get even closer to the customer. Albert Heijn has carefully prepared for the change in recent years, involving associates in the process and conducting pilots to fine-tune the approach.

The pandemic encouraged experimentation in preparing for the future of work. For example, The GIANT Company rolled out the Kronos scheduling application to all facilities in 2021, creating a gig-style approach to how team members can both engage in normal scheduling and also choose shifts that are available. Some of the brands are remodeling their offices to meet associates' changing needs. For example, Hannaford is designing a new office that encourages social connection and wellness. Alfa Beta is taking the first steps to become a more flexible organization by establishing the brand's first "Agile" teams.

While all our great local brands are addressing the future of work in their long-term plans, they are at varying levels of development, because every country and market has its own opportunities and challenges. We created a toolkit last year to help the brands efficiently define critical roles, capabilities and gaps for the future; as they start to put it into use, we believe it is giving them a competitive advantage.

We are becoming more analytical, as an HR function and an organization, to help us to pinpoint trends, make better predictions and navigate topics that will matter in the future, such as diversity and inclusion. To support these efforts, the brands are building the right capabilities through hiring and development; for example, Etos organized a special week during which merchandising associates received training in data and digital processes and skills.

Meeting the challenges of the future of work requires robust systems, good strategic workforce planning, and the ability to use technology to support collaboration and even associate well-being. For example, ADUSA Supply Chain uses wearable robotics to help grocery distribution center workers with lifting.

Pivot our culture

People today want to find purpose in their work – a development that intensified during the pandemic. Our brands are helping associates understand our company purpose and define how their own unique contributions can align with it. We are building a culture of continuous growth and lifelong learning so that associates can maximize their potential. Our shared values – courage, humor, integrity, care and teamwork – guide this process. We are working to articulate our employee value proposition, highlighting the strengths of our family of brands to help attract, retain and engage talent. In 2021, we developed a "Dare to care" campaign, sharing stories that show the benefits of working for Ahold Delhaize and the brands.

To support the development of a workplace where everyone is valued and can reach their full potential, we developed an inclusive leadership curriculum, that enlightens both leaders and associates about how they impact the feeling of inclusiveness on their teams. See *Development* for more details. Our Business Resource Groups (BRGs) also help us create an inclusive culture. See *In focus: Diversity and inclusion* for details.

In a virtual world, we've had to learn to create a connection to our culture from a distance. We assigned a project team to identify new ways to onboard associates and make them feel welcome. For example, Peapod Digital Labs sent welcome kits to new associates' homes and developed a 90-day onboarding process that included group introduction meetings with leaders.

We launched a virtual HR symposium in June to connect and inspire HR leaders within and outside the company around topics that influence our business today and in the future.

SAFETY AND WELL-BEING

Our brands continued to prioritize keeping associates safe and healthy, a focus that not only includes workplace safety, but overall physical and mental health and wellness. As the pandemic continued in 2021, our brands maintained and reinforced the tools and measures they put in place in 2020 to keep associates healthy and increased their focus on supporting mental health. Our Global Support Office in the Netherlands offered a confidential online mental health self-screener for associates that provides guidance on steps to take and where to go for help. Retail Business Services supported associates through its health advocate program, which provides personalized support on health and well-being, and Employee Assistance Program, which offers self-care services and resources.

Ahold Delhaize scored 76% again in the healthy workplace category of our associate engagement survey in 2021, a score that has remained stable through the pandemic. See *COVID-19: Impact and our response* for more on our response to the safety and well-being challenges of the pandemic.

Our brands also have programs in place to identify and reduce serious injury and fatality risks, and have developed a comprehensive risk register for dangerous tasks, such as working at heights. Since 2017, safety leads in all brands and businesses have held global monthly meetings to share knowledge and learn from each other.

A great success story in 2021 was a pilot offering virtual reality training to help associates in the U.S. brands and an Albert Heijn distribution center gain insight about serious risks in a safe but realistic way before they start working. As the

training is helping us reduce risks and ensure a safer workplace, we will expand it in the future.

The overall workplace injury rate increased slightly by 2.15% in 2021. We also saw a small increase of 3.78% in the overall workplace absence rate related to work injuries. The rate of serious work injuries stayed the same despite increased business and challenging work situations.



Associate from The GIANT Company wearing a face mask while assisting a customer.

In the 2021 Dow Jones Sustainability Index, Ahold Delhaize scored 76 points on Occupational Health and Safety, a score well above the average score in the industry.

Connecting with communities

Associates connect the brands to their neighborhoods and communities – after all, this is where they live and work and where our great local brands and support offices have their roots. Our brands' associates support their communities through countless initiatives.

For example, the Make it Count platform lets associates see volunteer initiatives taking place across the Dutch brands, inspiring them to join and make the world around them a better place. Many of our brands, especially in the U.S., are deeply committed to fighting hunger. Giant Food associates volunteer at Feeding America food

OUR GROWTH DRIVERS

bank partners. Albert organized its first-ever food collection in 2021, providing 1,362,000 meals for people in need.

Transform our capabilities

In a changing world, it's critical that our brands understand what capabilities they will need in years to come, to deliver on customer expectations and build deeper – digital – relationships. Our brands are working to proactively upskill their workforces and compete for the best talent especially in key skills like digital and technology. We have implemented new, scalable assessment tools to support associates in getting insights into their capabilities and developing along the leadership journey that can be adapted to each local brand.

SUPPORTING ASSOCIATE DEVELOPMENT

Our brands offer robust developmental programs across all levels and encourage all associates to create their own personal Individual Development Plans (IDPs). Each year, more associates are doing so. At Vice President level and above, we have seen a 2% increase over the past year, with 78% of associates creating IDPs. By outlining an 18-24-month roadmap, associates can build capabilities towards their long-term aspirations and be prepared for the next opportunity.

TAILORING LEARNING TO INDIVIDUAL NEEDS

During 2021, our brands focused on making sure the overall learning offer is engaging, convenient and tailored to associates' needs – a challenge, as most programs remained virtual. For example, The GIANT Company launched GIANT University, a dynamic learning platform that provides associates with innovative learning opportunities that fit their needs and busy schedules. Through the "I am Mega" initiative, our Romanian brand offered a series of programs for capability development in its stores. Hannaford's management associates received a toolkit to help with remote working and learn how to manage from a distance.

In 2021, associates completed over 4.5 million learning modules, resulting in more than 7.4 million total training hours, or more than 29 training and development hours per full-time employee (FTE). As we look to the future, we are working on a capability-based Academy, where associates will be able to measure their skills and engage in development opportunities aligned to the areas in which they would like to grow. So far, we have rolled out the HR portion of the Academy across the Global Support Office and European brands.



Giant Food associate in the seafood department.

We measure the effectiveness of learning programs by analyzing the increase in engagement and eNPS they deliver and are working to further automate our approach and leverage data to accelerate development. We report on the results – including learners' experience, knowledge gained, learnings applied and the impact on the business – through an internal quarterly scorecard that enables us to benchmark the programs, track results and revise and improve them.

ACCELERATING LEADERSHIP DEVELOPMENT

We also offer internships, co-op programs, management traineeships and accelerated development and leadership development programs tailored to the needs of associates.

Gearing Up for Growth engages top talents in a personalized virtual learning journey to prepare them to lead a function. Leading with Purpose helps associates at Director level to dive into their personal purpose and find the connection with the company purpose. Because inclusive leadership is critical to delivering on our diversity and inclusion strategy, we delivered a virtual training to help leaders and associates learn what it means to lead inclusively and develop practical skills to put it into practice. We held 300 sessions in different languages, attended by more than 4,529 associates. Participants were very positive about the course, with 82% indicating they felt it was very good or excellent and 89% stating that they would recommend it to others.

We are using technology to help us work, share knowledge and collaborate more effectively.

We added another 131,000 associates in the U.S. to our new HR and payroll platform based on SAP SuccessFactors and will continue to onboard the rest of the brands in 2022.

In the 2021 Dow Jones Sustainability Index, Ahold Delhaize scored 88 points on Human Capital Development, a decrease compared to 2021, but still well above the average score in the industry. We have improved our results in the category of Talent Attraction and Retention by 15 points (at 63 points) compared to 2020 (48 points).

Cultivate talent

We are proud to be a company with people who are incredibly resilient and can rise to any challenge – something they have done time and time again during the pandemic. Having the right associates and leaders for the future helps our brands be best positioned to drive growth. It's important they can develop and retain associates and build robust, diverse talent pipelines.

In recent years, we have found that people want work to be more flexible – in aspects like work-life balance, personalized solutions, and when and where they work – and fit their lifestyles. Flexibility can be more important than pay and financial incentives in retaining associates. Creating a culture of inclusion, prioritizing associate well-being, and helping leaders create a supportive work environment are critical for keeping up with people's changing expectations around work.

Despite the challenges of 2021, we continued to prioritize strategic HR initiatives while running the everyday business in parallel. For example, we launched a new Ahold Delhaize international trainee program, that attracted a great deal of interest from candidates across our brands' markets. More than 350 candidates applied and were considered in the selection process.

MAKING SURE ASSOCIATES HAVE A VOICE

We offer an annual associate engagement survey in October that assesses progress toward the cultures that Ahold Delhaize and our local brands aspire to build. For example, the survey evaluates strengths and areas of opportunity around our goal to amp up our values of courage, care and teamwork. In 2021, we saw a participation rate of 76% on the survey and an overall engagement score of 79%. We reported an associate development score of 73%, inclusive workplace score of 79%, and a healthy workplace score of 76%, all equal to our 2020 scores.

Compared to the Global Retail benchmark, we outperformed the Global Retail Benchmark by +1 point on Engagement, +4 points on Inclusive Workplace and +1 point on Development. For more information about benchmarks used for the associate engagement survey, see [Glossary](#).

Our cultivate best talent growth driver is helping us address ESG topics that include: diversity and inclusion and associate safety, health and well-being. For more information, see [Introduction to ESG](#).

OUR GROWTH DRIVERS



Strengthen operational excellence

€967m

Save for Our Customers savings in 2021

3.1%

Total cash capital expenditures as a percentage of net sales in 2021

2,315

Number of stores offering self-scanning solutions in 2021

OUR AMBITION

Powered by our continuously turning business wheel, Ahold Delhaize and its great local brands create value through a relentless focus on saving for our customers, driving same-store sales and investing to fund growth. Our operational excellence growth driver is focused on making this wheel turn faster and better all the time.

Our great local brands are outstanding operators, with many decades of experience in running retail businesses and the ability to maintain a steady performance even in the midst of challenging circumstances. They work to continuously improve how they operate stores, distribution centers and home delivery and pick-up operations.

This work is underpinned by our strong operating model: 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 part of our competitive advantage, and the key to how we bring our omnichannel customer value proposition to life.

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

We support our omnichannel growth ambitions by saving for our customers, improving our supply chain, enhancing store operations, strengthening internal operations across all functions and leaving no stone unturned as we leverage our scale in sourcing. In 2021, we increased these savings to €967 million, allowing us to re-invest in an improved omnichannel customer experience.

To further lower product costs, increase product availability and enhance freshness, we are in the midst of transforming our Ahold Delhaize USA logistics network to full self-distribution. By late 2021, the network was 65% self-managed – up from about 40% at the outset of the transformation – and we're on schedule to have 85% of the network in-house by the end of 2022.

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 capability enhancements are underpinned by unlocking the power of data with on-demand, real-time intelligence. This will enable our brands to continue to take advantage of opportunities for additional income streams such as media, insights, digital services and in-store services.

Our business wheel



STRATEGIC CHOICES AND CHALLENGES

E-commerce profitability

As growth of e-commerce continues to outpace brick-and-mortar, sustaining and growing profitability is a challenge for grocery retailers like Ahold Delhaize. The complexity of the operations necessary to pick and deliver grocery orders leads to a challenging cost structure.

But at the same time, we believe e-commerce will be one of the most important contributors to Ahold Delhaize's overall profitability going forward.

OUR GROWTH DRIVERS



Alfa Beta joins Mega Image in the sequel to Albert Heijn's dry misting success story.

OUR PROGRESS AND FUTURE PLANS

Our strengthened operational excellence growth driver is centered around four focus areas:

Save for Our Customers

Our mindset of cost consciousness, continuous improvement and scaling best practices has allowed us to consistently exceed and expand our Save for Our Customers initiatives and deliver industry-leading margins.

In Europe, our brands have increased their joint sourcing initiatives in the Benelux and Central and Southeastern Europe, across national-brand and own-brand products as well as goods not-for-resale. They actively use the AMS and Coopernic buying cooperatives in Europe to secure better costs.

In 2021, we committed to gear up our ambitious Save-for-Our-Customers targets, aiming to save €4 billion by 2025.

Improve our supply chain

We are investing in our supply chain to support our omnichannel offering and fulfill the increasing demand for online shopping.

While the U.S. business is on track to transition to a fully self-distributed supply chain network by 2023, our brands are working to improve shrink with smart merchandising and inventory management. And they're now introducing additional technology, including forecasting and replenishment capabilities and dynamic markdowns that help sell more product before it expires.

So, we have clear plans to make e-commerce profitable on a fully allocated channel basis by 2025 by maximizing performance on four levers:

1. Delivering sales density and ultimately scale – which is just as essential in e-commerce as it is everywhere else in food retail.
2. Ensuring our brands stay in tune with the rapidly changing demands of local customers to maintain a competitive or leading customer value proposition everywhere they operate.
3. Optimizing operations, fulfillment and last-mile delivery – which are time intensive, complex and require a customized approach. It's just like our great local brand philosophy, where a tailored approach to each marketplace – its specific characteristics, culture and catchment area – makes all the difference.
4. And building complementary revenue streams using the rich data the brands collect on shopping behavior. This can significantly enhance the customer journey while providing a direct boost to our profitability and creating insights that can be shared across our brands.

Enhance store operations

Our brands are digitally enhancing their stores to make them easier to shop and more efficient to operate. Over 80% of our brands' stores in Europe have electronic shelf labelling and, in the U.S., over 70% have self-checkout. These do double duty as both customer benefits and improvements to operational efficiency.

Our brands are also leveraging their success running urban store formats in Europe by sharing experiences with our U.S. brands – for example, to help The GIANT Company win in the Philadelphia market.

Strengthen internal operations across all functions

Our brands develop and execute local strategies and commercial plans that connect with customers. Regional support businesses provide the brands with scale, platforms, capabilities and services that enable the local brands to drive the omnichannel customer experience and win in their marketplaces. Our U.S. support businesses include Peapod Digital Labs, Retail Business Services and ADUSA Supply Chain. In Europe, European Business Services drives synergies across brands and provides expertise in human resources, finance and not-for-resale sourcing.

In the U.S., our regional platforms are helping us leverage scale in e-commerce, digital and supply chain and key practices like commercial services, retail media, indirect sourcing and retail innovation. The newest support brand, ADUSA Supply Chain, is expanding the U.S. network. By the end of 2022, it will include 25 traditional distribution centers and food processing facilities and 28 e-commerce fulfillment centers.



The GIANT Company opens state-of-the-art e-commerce fulfillment center.

In Europe, we are improving operational excellence by sourcing own brands together. We're aiming for €1 billion in joint sourcing by 2025. We also continuously seek automated solutions, such as chatbots or virtual assistants, to decrease our costs. Finally, we are optimizing our merchandising capabilities by improving pricing, promotions and assortment management with one shared tool.

Our strengthened operational excellence growth driver is helping us address the ESG topic available and affordable products. For more information, see [Introduction to ESG](#).



Albert rolls out over half a million electronic shelf labels in stores.

LOCAL HEROES

WORKING TOGETHER TO KEEP SHELVES STOCKED

Teams from our brands in Greece, Serbia and Romania worked across their organizations, with inspiration from other Ahold Delhaize brands, to develop a single new automated system to replenish stocks in their stores.

Store managers in these brands used to do the stock taking and ordering themselves – wasting valuable time and leading to errors and inefficiencies. So, they set out to build a system to replenish stocks using algorithms that forecast what the store needs, based on sales, sending orders directly to the distribution centers. In line with our vision to create the leading local shopping experience, the project was implemented by a team of representatives from each brand IT and other experts from the regional organization. This enabled us to combine a deep understanding of local requirements with IT expertise and the knowledge-sharing power of the entire company.

In 2021, the team finished rolling out the system to 1,700 stores, covering about 70% of the assortment. Next up are the distribution centers and the remaining 30% of the assortment, fully enabling the data-based creation of orders to suppliers.



Less time needed to order means more time to serve our customers. In the end that is what matters most!”

Fotis Koutras, Forecasting & Replenishment
Director Alfa Beta



OUR BUSINESS MODEL

Across Ahold Delhaize, each of our great local brands works hard to save for customers, drive same-store sales and fund growth. Our impact goes beyond what happens in stores and distribution centers: from farming to consumption, our brands work with suppliers and partners to make the value chain more sustainable and provide customers with more of the meals they enjoy each day, and healthier choices to help them live better. We have recently committed to reaching net-zero carbon emissions across our own operations by 2040 and to becoming a net-zero business across our entire supply chain, products and services by 2050.

1 RAW MATERIALS AND FRESH PRODUCE

Many of our brands' products originate from farms around the world. While Ahold Delhaize does not own or operate farms, our brands have long-standing strategic partnerships with farmers and local producers. The raw materials for own-brand products are sourced from and processed by selected partners to ensure the highest quality.

Our brands work with farmers and suppliers to drive down carbon emissions across the value chain and to protect, restore and sustain forests and other ecosystems.

2 OWN BRAND

Our brands' products are made from raw materials and packaged for sale. The brands' assortments include own-brand ranges that offer great value across different price points and the most relevant local assortment. Our brands develop them in-house, including branding and marketing, and actively work to reduce plastic and increase the use of recyclable materials in packaging. They are re-formulating many own-brand product recipes to reduce sugar, salt, colorants and additives, and achieved 54% of own-brand sales from healthy products in 2021. All own-brand products adhere to high standards that support Ahold Delhaize's ESG ambitions.



3 CONSUMER PACKAGED GOODS (CPG)

Various suppliers manufacture branded products that are delivered to our brands' distribution centers. Our brands give small consumer packaged goods companies the chance to sell their product innovations in their stores and reach a wider audience. Suppliers can benefit from the unique customer insights resulting from our brands' strong local presence and over a century of experience in grocery retail. We share our expertise and scale with other food retailers as part of the Coopernic European Buying Alliance and through our partnership with AMS. This enables our brands to improve product quality and buy more efficiently.

4 SUPPLY CHAIN

Products are delivered to our brands' warehouses and prepared for transport to stores, pick-up points and customers' homes. We are continuously adapting our supply chain to serve customers better. Our brands' automated warehouses and fulfillment centers enable faster distribution to stores and delivery to customers' homes.

5 RETAIL

Customers can shop with our brands in stores and online. Ahold Delhaize is known for our great local brands, that serve 55 million customers each week.

Our brands create the leading local food shopping experience in more than 7,000 local grocery, small-format and specialty stores and through online shopping. And our brands sell more than just food – they include the top online retailer in the Benelux, bol.com.

While the majority of our revenue is generated by selling products to customers, growing complementary revenue streams allows us to save and reinvest across the value chain. Complementary revenue streams are driven by digital and in-store media, retail media services and data insights.

OUR VALUE CREATION MODEL

Ahold Delhaize has a long and proud tradition of serving local communities and associates with care, building customer trust and developing strong brands. Our brands’ deep connections with local communities underpin our consistent results. We are committed to creating sustainable, long-term value for our stakeholders. This value may be economic, social or environmental.

Our brands invest in the local customer proposition to provide a great shopping experience that meets consumers’ changing needs and builds loyalty. Through the growth drivers, we seek to drive growth so our brands can be there wherever and however people shop, providing more of the meals they enjoy each day, and healthier choices to help them live better.

As a company, we also want to embrace the concept of broad welfare, where businesses make it a priority to support the creation of a more inclusive society – with equal work opportunities – and a sustainable environment to live in, alongside their focus on economic growth. To this end, we have embarked on an initial exercise with SEO Amsterdam Economics to apply the concept of broad welfare to our activities. This is fairly unexplored territory, and there is still much debate among scientists and economists about how broad prosperity can be measured. We believe this exercise is a first step in better assessing and defining our integrated impact in the future.

The value creation model on the following page summarizes all the ways we used capital over the past year to create value for our stakeholders.

This model outlines the most important resources or “capitals” that Ahold Delhaize and the brands utilize in our businesses, explains how we create value, and lists the main outputs and outcomes that describe the economic, social or environmental value created through our activities for our four main stakeholder groups.

This model is based on the framework developed by the International Integrated Reporting Council (IIRC), including its definition of six capitals an organization depends on for success.

We work together with all our brands to have a meaningful impact on the world around us, create long-term value and do it in a sustainable way through the support of the Sustainable Development Goals (SDGs). See also our [Introduction to ESG](#) for more information and the link to the SDGs supported by our business.



OUR VALUE CREATION MODEL

CAPITAL

Growth drivers

OUR FINANCIAL FRAMEWORK – FINANCIAL CAPITAL

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

- Net sales: €75.6 billion
- Free cash flow: €1.6 billion



OMNICHANNEL NETWORK – TANGIBLE CAPITAL

Our brands' network of stores, pick-up points and delivery services are supported by state-of-the-art distribution and logistics networks.

- Our brands operate 7,452 stores and 1,642 pick-up points
- Online grocery penetration of 6.8%
- Net consumer online sales growth (at constant rates) of 38.2%



TECHNOLOGY – INTELLECTUAL CAPITAL

Our knowledge, experience, thought leadership and strong brands ensure that customers and associates can count on the highest quality retail offerings and concepts.

- We ensure we have processes in place to safeguard data privacy, product integrity and product safety.
- Our brands and hubs develop and maintain innovative proprietary technology solutions.



ASSOCIATES – HUMAN CAPITAL

Our brands' motivated and talented associates are the key to their success.

- Our brands and businesses employ in aggregate 413 thousand associates worldwide, with 55% under collective labor agreements.



COMMUNITIES – SOCIAL AND RELATIONSHIP CAPITAL

We support the communities our brands operate in by providing information on healthy living and well-being, making donations, funding sponsorships and through partnerships that contribute to better living.

- 98% of production sites of own-brand food products are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard
- 69% of net sales are generated by loyalty card members
- €199.4 million in philanthropic contributions were made



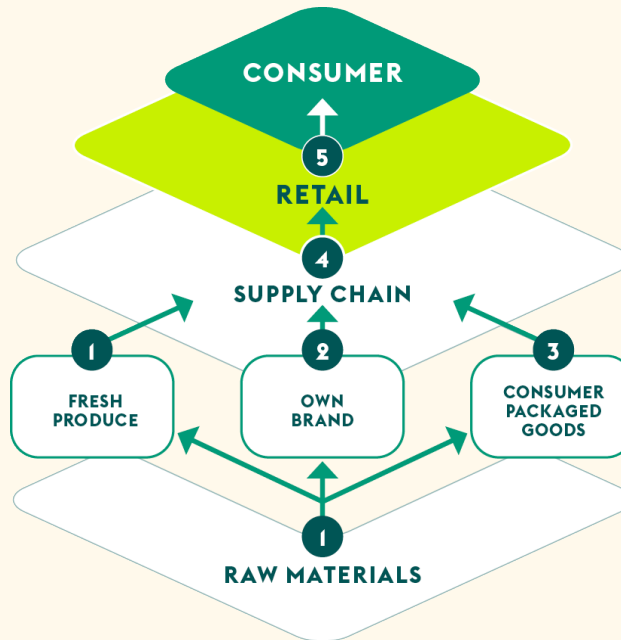
PRODUCTS AND OPERATIONS – NATURAL CAPITAL

The products our brands sell and the operation of our businesses rely on natural resources. How products are grown and produced impacts soil, water resources, and biodiversity. Our brands aim to make it easier for customers to shop for sustainably-sourced products while we continue to build a more sustainable business.

- Use of fossil and renewable energies
- Use of different materials, such as plastic and cardboard
- Use of natural resources from oceans, forests, land and other ecosystems



HOW WE CREATE VALUE



Read more on [page 36](#)

WHAT WE DO

WHAT?	Create the leading local food shopping experience.
WHY?	Eat well. Save time. Live better.
HOW?	By implementing our Leading Together strategy and living our values.

OUR GROWTH DRIVERS

Read more on [page 25](#)



Drive omnichannel growth



Elevate healthy and sustainable



Cultivate best talent



Strengthen operational excellence

VALUE CREATED

CUSTOMERS

Output:

- 96% of net sales from markets where our brands have a #1 or #2 position
- Net consumer online sales growth of 38.2% in 2021

Outcome:

- The ability for customers to shop wherever and whenever they want.
- Enhanced omnichannel presence and improved customer experience.

ASSOCIATES

Output:

- 2021 associate engagement score of 79% (2020: 81%)
- €11.2 billion labor costs in 2021
- 53% women in the workforce
- 2.9% reduction of serious injuries compared to 2020
- More than 7.4 million training hours in 2021

Outcome:

- Diverse and skilled workforce
- Safe place to work

COMMUNITIES

Output:

- 2,827 thousand tonnes total CO₂-equivalent emissions (scope 1 and 2); reduction of 321 thousand tonnes compared to 2020
- Food waste of 259 thousand tonnes; 0.3% decrease compared to 2020
- 73% 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

Outcome:

- It is local communities that provide our brands with a license to operate. In return, our brands play an active role in these communities, contributing to charitable activities, paying their fair share of taxes, providing healthy food choices and acting to reduce their environmental footprint and waste.

SHAREHOLDERS

Output:

- €0.95 per share dividend for 2021
- €1 billion returned to shareholders via share buyback program in 2021

Outcome:

- 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. But the four groups we impact the most are customers, associates, shareholders and communities.

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

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

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



CUSTOMERS

EXPECTATIONS

- Seamless and easy shopping experience, enabled by technology.
- High-quality products that are healthier while still tasty and affordable.
- Safe shopping experiences during COVID-19, e.g., through in-store plexiglass screens and one-way aisles and contactless delivery and pickup.

HOW WE ENGAGE WITH THEM

- Customer service in-store, on the phone and online.
- Direct feedback to our brands' associates, websites and social media.
- Customer surveys, studies and focus groups.
- Communications campaigns to support customers in areas such as making healthy and sustainable choices. For example, Alfa Beta launched a new "Your personalized dietician is here for you" service, providing personalized meal plans and nutritional tips for customers.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

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



ASSOCIATES

EXPECTATIONS

- Inclusive, engaging and healthy workplaces where all associates have equitable access to opportunities.
- Opportunities to make a difference, learn and grow to reach their full potential.
- A safe working environment and additional support and connection points in COVID times.

HOW WE ENGAGE WITH THEM

- Annual associate engagement surveys and pulse surveys (see *Cultivate best talent* for high-level results in 2021).
- Informal communication in local stores, warehouses and support offices.
- Regular touchpoints, including performance review processes, recognitions, reward and benefit programs and interactive training.
- Virtual town halls, expert sessions and other meetings to facilitate connections.
- Associate mental health initiatives.
- Business Resource Groups that promote diversity and inclusion and bring together associates with similar interests.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Associates take pride in working for Ahold Delhaize and its brands and say they receive the necessary support and care to perform their jobs well.
- The majority of our brands' associates (81%) feel that they work in a diverse team that fully reflects the community and customers they serve.

ENGAGING WITH OUR STAKEHOLDERS



SHAREHOLDERS

EXPECTATIONS

- Steady performance, strong free cash flow, dividends and share repurchase programs.
- Increasing ESG expectations.

HOW WE ENGAGE WITH THEM

- Quarterly disclosures and financial and non-financial performance briefings.
- Presentations and exchanges with analysts and investors, e.g., annual General Meeting of Shareholders and Investor/Capital Markets Day. For example, at our Investor Day in November 2021, we announced our long-term ambitions and key strategic moves across our business. For more information on the Investor Day, see our website www.aholddelhaize.com.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Our disclosures to shareholders cover both financial and ESG-related performance.
- We aim to be transparent about our progress on our Leading Together strategy, including performance against our targets to build a more sustainable business.
- We engage with our shareholders 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.



COMMUNITIES

CHARITIES AND CIVIC ORGANIZATIONS

EXPECTATIONS

- The Ahold Delhaize brands are expected to be integral parts of the communities they serve and help address broader societal challenges.

HOW WE ENGAGE WITH THEM

- Partnerships with local community organizations and charities. For example, to support its commitment to double donations to food banks this year, Albert donated two new refrigerated vans to help food banks deliver unsold fresh food to those in need. Vulnerable groups, such as single mothers, the elderly or families in crisis will receive more fruit, vegetables and dairy products, thanks to the new trucks.
- Brand-owned foundations. For example, the Albert Heijn Foundation invests in housing, education, health and personal development projects in suppliers' communities, particularly in Africa and South America.
- The GIANT Company launched its Healing the Planet grant program, which will give out \$250,000 in grants to support projects that build on environmental stewardship by connecting families with community green spaces.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Community stakeholders provide valuable feedback, for example, on how our brands can be stronger partners in creating healthier communities.

GOVERNMENTS

EXPECTATIONS

- Ahold Delhaize and its brands are expected to respect regulations and adopt a stakeholder approach where society and the environment are taken into account.

HOW WE ENGAGE WITH THEM

- Engaging with public policy makers through industry associations or directly via face-to-face meetings, written contacts and input, information on our website and participation in public hearings or conferences.
- For example, in June 2021, Ahold Delhaize was among the first signatories of the Code of Conduct for Responsible Food Business and Marketing Practices, an initiative under the EU's Farm to Fork Strategy. Frans Muller spoke at the Code's launch event about how the Farm to Fork Strategy aligns with Ahold Delhaize's healthy and sustainable ambitions.
- In December 2021, Food Lion President Meg Ham joined U.S. President Joe Biden at the White House for a round table discussion on Food Lion's work to nourish neighbors during the holiday season. She discussed the strength of Food Lion's supply chain, the sourcing of more local products and COVID-19-driven shifts in consumer behavior.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Ahold Delhaize and its brands engage with public policy makers to protect and strengthen the reputation of the company and its brands and to create a favorable policy and regulatory framework for the company and its brands and for our sector in the long term.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES CONTINUED

NON-GOVERNMENTAL ORGANIZATIONS (NGOS)

EXPECTATIONS

- As a major global grocery retailer, Ahold Delhaize is expected to help resolve global challenges related to climate, health, human rights and other topics.

HOW WE ENGAGE WITH THEM

- Responding to NGO requests in a timely manner.
- Individual meetings.
- Being a founding partner and member of various ESG-related networks and institutions, for example:
 - Founding partner of the LEAD network
 - Member of Network for Executive Women (NEW) / board membership (pending)
 - Founding partner of the World Resources Institute
 - Member of the Ellen McArthur Foundation to mitigate the impact of plastics
 - Signatory of the UN Global Compact
- Providing input for and discussing results of benchmarks on ESG-related topics.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- 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.

SUPPLIERS

EXPECTATIONS

- Long-term relationships that are fair and mutually beneficial.
- Cooperation on important topics such as health and climate.

HOW WE ENGAGE WITH THEM

- Individual meetings and online communication.
- Supplier events. For example, the European Not-for-Resale team hosted its second annual Supplier Innovation Days event, during which 35 suppliers presented the latest market innovations and concepts to stakeholders in Europe and the U.S.
- Partnerships, including:
 - "Better For," Albert Heijn's cooperation with more than 1,000 suppliers and farmers to provide products that are climate-friendly, circular and better for animals and farmers.
 - Peapod Digital Labs launched an Accelerator for diverse-owned suppliers in 2021, to help empower them to grow their businesses.
 - Retail Business Services funded scholarships for 20 Black-owned suppliers.
 - Ahold Delhaize was a founding member of the Sustainable Wine Roundtable, joining forces with more than 40 key actors in the production and marketing of wine around the world to accelerate action on sustainability.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Input on how our brands can create better products for customers.
- Finding new ways to reduce food waste and increase economic, social and environmental value for the communities our brands' suppliers source from throughout the supply chain.
- Discussing the impact of climate change on the supply chain and ways to mitigate the risks.

FRANCHISEES AND AFFILIATES

EXPECTATIONS

- The opportunity to build a profitable business.
- Reliable supply of high-quality products, relevant to local customers and at a competitive price.
- Sustainable business practices.
- Community support.

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.
- Joint meetings, including training sessions and product discovery days.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Input on operating stores and engaging with local communities.
- Strategy around healthy products and sustainability.
- Competition in the brands' markets.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES CONTINUED

INDUSTRY ASSOCIATIONS

EXPECTATIONS

- Ahold Delhaize and the brands will jointly address challenges across the industry, establish coalitions of action and drive implementation.
- Cooperation in shaping operational standards.
- Engagement with industry peers and external stakeholders.

HOW WE ENGAGE WITH THEM

- Local, national, regional and global industry association memberships and national retail federations, for example:
 - Consumer Goods Forum (Global)
 - Business association, VNO-NCW (Netherlands)
 - Eurocommerce (Europe)
 - FMI: The Food Industry Association (U.S.)
 - National Retail Federation (U.S.)
 - Centraal Bureau Levensmiddelenhandel (Netherlands)
 - Comeos, the Federation for Commerce and Services (Belgium)
 - The Association of Commerce and Tourism, SOCR CR (Czech Republic)
 - The Association of Large Commercial Networks, AMRCR (Romania)

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- Key challenges in our industry, including climate, waste, human rights, sustainable supply chains and food safety.
- The belief that change needs to be driven globally and top-down in order to be successful.

SCHOOLS AND RESEARCH INSTITUTES

EXPECTATIONS

- Funding, (customer) insights and sponsorship for joint research projects.

HOW WE ENGAGE WITH THEM

- Joint industry lab with academic institutions. For example, AIRLab, the joint project by Ahold Delhaize and academic institutions is driving innovations at the intersection of retail, AI and robotics.
- Sponsorships and scholarships. Ahold Delhaize has committed to sponsoring IMC Weekend School for a period of three years and has chosen to sponsor the course “Future-proof entrepreneurship” which is taught in ten locations in the Netherlands.
- Educational initiatives. For example, in 2021, Mega Image kicked off the fifth edition of its national academic debate contest for high school students, “Mega Debate.” Expanding every year, the contest now covers 17 cities, with 90 high school teams participating, and focuses on sustainability topics related to healthy eating, environmental protection, charitable actions and education.

WHAT THEY TELL US/KEY TOPICS DISCUSSED

- 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.



MARTIN'S associates volunteering to support The GIANT Company's commitment to make a difference in the communities it serves.



Students graduating from IMC Weekend school in the Netherlands.

LOCAL HEROES

LEADING THROUGH OUR VALUES

Every year, Ahold Delhaize recognizes leaders from across the local brands and businesses for their leadership qualities and how they live our values and serve communities.

Perhaps the most prestigious award we give out is Store Manager of the Year – chosen from more than 7,000 peers. This year, the award went to Samir Hamadache from Delhaize in Belgium.

Samir is truly passionate about building strong teams and working in service of the customer. An outstanding people manager and coach, his listening, empathy and communication skills strengthen his teams and help them to deliver.

Samir epitomizes our values of care and teamwork – and it shows in his history-making results. For 20 years, the same Delhaize store had the best end-of-year sales, but, in 2020, Samir and his team took the crown, achieving the best end-of-year sales despite the impact of COVID-19 and increased competition around the store.



Samir is a big source of inspiration for me. He has a strong eye on the whole customer journey. Truly a good leader, he can motivate the team to be stronger than ever together!”

Benoit Leclercq, Assistant Store Manager



STRATEGIC REPORT

RISKS AND OPPORTUNITIES

45 Integrated overview

46 Principal risks and uncertainties

Risks and opportunities

INTEGRATED OVERVIEW

Our Enterprise Risk Management (ERM) assessment is designed to identify, assess and take action on risks and opportunities in line with our strategic, operational, financial and regulatory business objectives. All of the most significant, or “principal” risks identified are considered to present a material financial risk. The ESG materiality assessment evaluates our environmental and social trends to identify ESG topics.

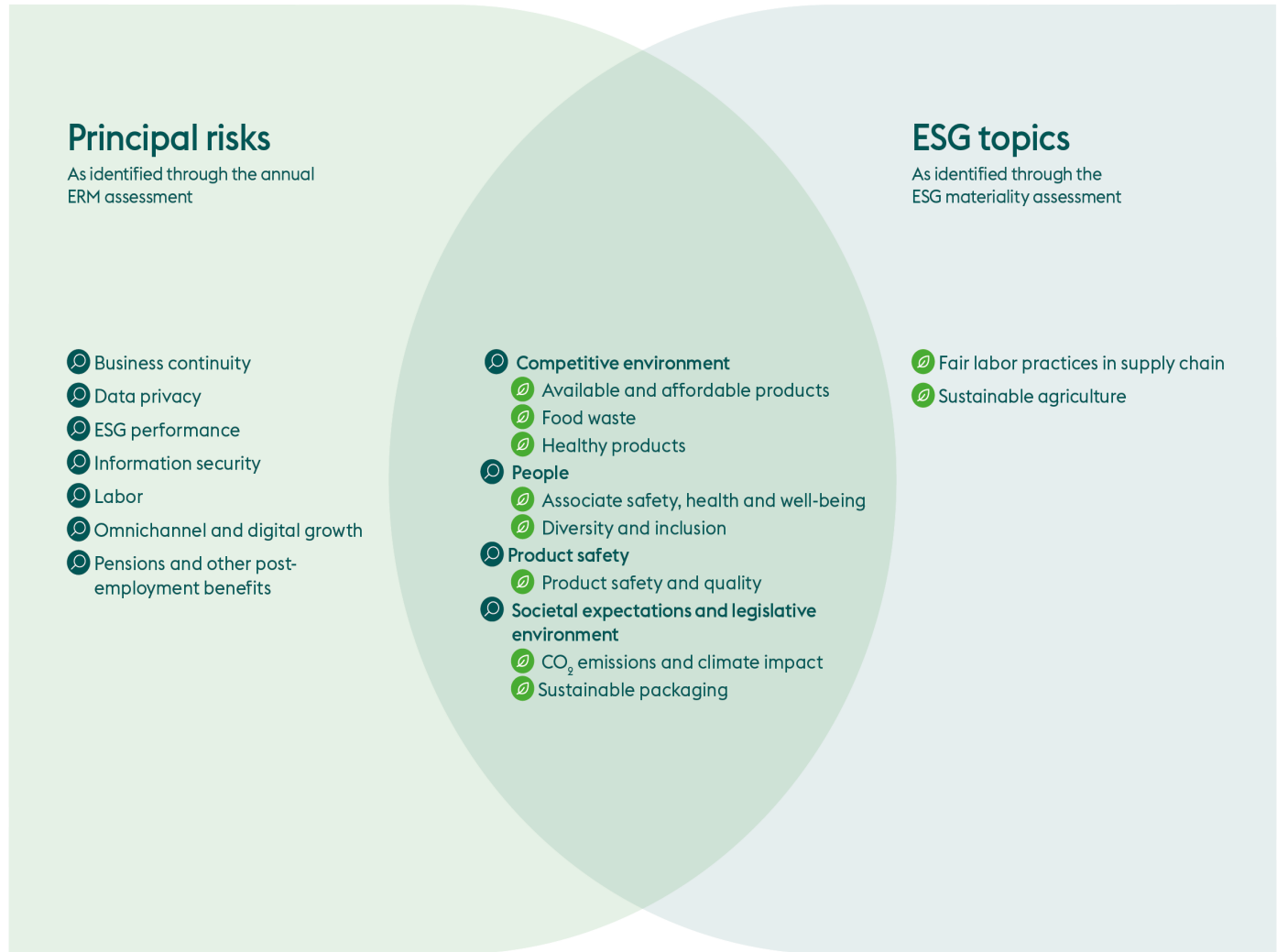
The diagram¹ to the right provides an overview of the principal risks identified by the company, inherent to our brands’ operations. It includes, where relevant and proportionate, the business relationships, products or services that are likely to have an adverse financial impact on our brands’ operations. You can find a description of the actions taken to manage these risks under [Principal risks and uncertainties](#).

The diagram also shows a list of topics resulting from our ESG assessment that are relevant and proportionate to our current business objectives from an ESG point of view, and relevant and proportionate from an environmental and social perspective. Our ESG topics consider a longer-term horizon than our principal risks and could evolve over time to become material from a financial perspective (see [Introduction to ESG](#)). This is not a static exercise and the topics and nature of disclosures may change from time to time; we closely monitor how these topics evolve over time, tracking any emerging ESG and financial risks. In addition, the diagram illustrates the link between the topics identified in the ERM and ESG assessments.

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

See [How we manage risk](#) for more information about our Governance, Risk and Compliance (GRC) Framework, ERM program and risk appetite. See [Introduction to ESG](#) for details on the ESG materiality assessment.

¹ Topics within each column of this table are presented in alphabetical order.



○ Principal risk
 ⊗ ESG topic

Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

While our principal risks have not changed significantly compared to what was disclosed in our Annual Report 2020, the COVID-19 pandemic has continued to impact our business operations and our overall risk profile.

In particular, we have seen a heightening of the principal risks relating to business continuity, labor availability, societal expectations and legislation, and information security, and we have categorized a new principal risk relating to ESG performance.

Ahold Delhaize and the brands have initiated several actions to mitigate the impact of the COVID-19 pandemic on our businesses, with a focus on protecting associates and customers, ensuring the continuity of our brands' operations, and ensuring that our strategy is flexible enough to enable our brands to meet customer needs despite the uncertainty the pandemic brings. See [COVID-19: Impact and our response](#) for more information.

In addition, we felt that it would be useful to provide a more detailed discussion on climate change, so we have included a separate section on this risk; see [In focus: Climate change](#). See also the definition of risk appetite and risk categories in [How we manage risk](#).

Our growth drivers



Drive omnichannel growth



Elevate healthy and sustainable



Cultivate best talent



Strengthen operational excellence

The following section provides an overview of the principal risks identified, including a description of the risk, developments noted during 2021, and a brief description of the primary mitigating actions in place to manage each risk.

The principal risks have been categorized by their relationship to strategic, operational, financial or compliance-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.

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

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

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 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](#).

Opportunities

In conjunction with the annual ERM exercise, our brands identify and assess local opportunities in line with our Leading Together strategy. Under the elevate healthy and sustainable growth driver, they have identified opportunities that include expanding the assortment of healthy own-brand products, providing nutritional guidance on product packaging, and reducing food waste. Under drive omnichannel growth, the brands are pursuing opportunities such as capturing additional revenue streams through advertising and media monetization, and implementing price and promotion optimization tools to drive further personalization. Within the strengthen operational excellence growth driver, they are focused on improving the digital and in-store experience, optimizing our supply chain and unlocking the value of data. These opportunities and others 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.

Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

Strategic risks

COMPETITIVE ENVIRONMENT

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

Developments in 2021

The COVID-19 pandemic continues to challenge and change the retail landscape, particularly relating to consumer shopping preferences, a focus on value, healthy eating, and the overall channel shift from in-store to online purchasing. Traditional and non-traditional retailers have responded by adjusting product assortments, pricing and promotional offerings; focusing on the health and safety of consumers; and ramping up investment in home delivery or click-and-collect capabilities. Inflation and increasing prices have further challenged the retail landscape in 2021.

How we manage this risk

We have embarked on the next chapter of our Leading Together strategy, which served us well during 2021. Our four key growth drivers are designed to ensure that our brands continue to meet the changing needs and expectations of consumers while offering a competitive value proposition in the markets they serve. For more details on our Leading Together strategy and growth drivers, see [Our Leading Together strategy](#) and [Our growth drivers](#). See [Introduction to ESG](#) for details on our management approach to these sustainability topics.

Related growth driver



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 the 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 ambition 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.

Developments in 2021

While the COVID-19 vaccine rollout prompted a slight shift to out-of-home eating in the first half of 2021, consumers have remained cautious as restrictions have gone back into place. As a result, demand for home delivery and click-and-collect offerings has remained strong. In the medium term post-pandemic, some consumer habits, such as working from home, are likely to continue, preventing a sudden swing in demand back to pre-pandemic levels. Our brands will continue to monitor and respond to these evolving consumer habits and adjust their omnichannel offerings accordingly.

How we manage this risk

While omnichannel and digital growth was already at the core of our Leading Together strategy, the continued impact of the COVID-19 pandemic has led us to prioritize investments in our omnichannel offering, capacity and internal capabilities. This has included additional investments into our platforms, supply chain capabilities and the acquisition and integration of New York City-based FreshDirect. In November, we announced we would explore a sub-IPO for bol.com, which is expected to occur in mid-2022. Proceeds will help fuel further expansion of our omnichannel capabilities. For more information on the progress we have made, see [Drive omnichannel growth](#).

Related growth driver



ESG PERFORMANCE

ESG performance is an important part of how we measure success. We have set short- and long-term ESG targets. Failure to meet them may lead to reputational damage and impact sales and support from consumers, investors and other key stakeholders. While we have historically captured risk factors related to ESG performance within our existing principal risk categories, this year we broke this risk out separately and included it as a principal risk, given its increasing importance to our overall strategic objectives.

Developments in 2021

An increased global focus on people's health and safety has fueled an increased focus on the planet's health and safety. This trend has grown during 2021 with the introduction of the EU Taxonomy, proposals for new legislation, and increased requests for information on our sustainable initiatives and performance metrics from investors and other key stakeholders.

How we manage this risk

We strive towards healthier people and a healthier planet, with a focus on further increasing healthy sales of own-brand products, reducing food and own-brand plastic packaging waste, aspiring towards 100% diverse and inclusive workplaces and reaching the science-based absolute reduction targets we set for carbon emissions, including becoming a net-zero company for scope 1 and 2 emissions by 2040 and for scope 3 emissions by 2050. These commitments are translated into our strategy and business operations through the setting and tracking of performance metrics and KPIs. We have added an oversight layer by establishing a steering committee and a Healthy & Sustainable leadership community to ensure we can stay on track with all our requirements and promises. In addition, we have continued our research on the impact of climate change following recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD). See more in [In focus: Climate change](#) and read about our management approach to these topics in [Introduction to ESG](#).

Related growth driver



Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risks

BUSINESS CONTINUITY ■ ◀▶

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

Developments in 2021

The pandemic has disrupted all aspects of our business, in particular, the stability of our brands' supply chains and distribution centers. The vaccine rollout initially eased some of the pressures on supply chain and product availability; however, plateauing vaccination rates and the emergence of new variants has prompted new restrictions, driving further uncertainty across our brands' operations. Support office personnel continue to work from home and non-essential work travel has been prohibited, in line with local regulations.

How we manage this risk

We have established a global business continuity strategy, policy and governance structure and framework for ensuring the continuity of operations. This program is supported by dedicated business continuity managers globally and within each of our brands, who activate crisis response protocols and reporting, and provide regular training (including simulations) to senior leadership on crisis management and response to high-impact events. Our business continuity program includes insurance coverage in key areas and monitoring of vendors and third-party service providers. In response to the COVID-19 pandemic, we activated various crisis response protocols in order to balance demand across distribution networks and support remote working for associates and key vendors. For more information on our response to COVID-19, see [COVID-19: Impact and our response](#).

Related growth driver



INFORMATION SECURITY ■ ▲

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.

Developments in 2021

The omnichannel shift and digital transformation has continued to accelerate during 2021, increasing our "attack surface." We have seen an increased level of malicious attempts on our networks and internet-facing sites and applications. There has also been a continued increase in the frequency and size of payouts by companies whose systems and data have been exploited by malicious hackers.

How we manage this risk

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

Related growth driver



LABOR ■ ▲

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

Developments in 2021

During the pandemic, each of our brands implemented personal protective equipment requirements and offered various forms of appreciation pay and other benefits to ensure the continued health and safety of their associates. Despite these efforts, we have observed an overall shortage of available labor across each of our brands' respective markets, driven heavily by COVID-19 complications.

How we manage this risk

The HR function in each of the brands manages their relationships with their associates and, where applicable, the unions that represent them. In several areas of the business, additional part-time labor has been contracted to meet the COVID-19-driven increase in demand and also to temporarily fill in for absent associates. Furthermore, the U.S. brands have developed contingency and testing plans in the event that widespread vaccine mandates go into effect. For more information on the efforts to protect associates and focus on health and safety during 2021, see and [COVID-19: Impact and our response](#).

Related growth driver



Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risks continued

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.

Developments in 2021

The COVID-19 pandemic has continued to put the topics of well-being, physical and mental health and safety, and diversity and inclusion more into focus. With the accelerated shift to online and mobile purchasing, competition for digital talent has also increased.

How we manage this risk

Our brands are committed to embedding our shared values, capabilities and behaviors within their workforces. They deploy many measures to achieve this, including, but not limited to, developing competitive employee value propositions to attract the best talent in line with their strategic capability plans and needs, implementing a formal talent management cycle and development conversations, and putting in place diversity and inclusion (D&I) initiatives to drive our aspiration to have a workforce that is representative of the markets they serve. They also listen to and act upon associates' feedback through our annual associate engagement survey and regular pulse surveys, which have increased in frequency during 2021. For more information on the commitment to associate well-being, health and safety, and D&I, see section *In focus: Diversity and inclusion*.

Related growth driver



Financial risks

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pension 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) which are underfunded and they may be required, in certain circumstances, to increase their contributions to fund the payment of benefits by the MEP. For more information on the financial risks related to the MEPs see [Note 24](#) to the consolidated financial statements.

Developments in 2021

Our U.S. brands Stop & Shop and Giant Food each reached agreements during 2020 to terminate their participation in four large MEPs which improved the security of pension benefits for associates and greatly reduced the company's financial exposure. In 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law and establishes a special financial assistance program for eligible MEPs that file a request to apply to receive a one-time cash payment in the amount required for the plan to pay all benefits through the last day of the plan year ending in 2051. The payment received under this special financial assistance program would not be considered a loan and would not need to be paid back. For the first MEP, the application process was initiated in Q4 2021 and is currently in progress. We expect that three of the other MEPs to which we contribute might also be eligible under the ARPA plan rules and, when they receive financial assistance, our financial exposure for these eligible MEPs may be reduced. For information about these MEPs and ARPA, see [Note 24](#) to the consolidated financial statements.

How we manage this risk

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.

Related growth driver



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

Risks and opportunities

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.

Developments in 2021

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

How we manage this risk

We have established and implemented several 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 establishment 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.

Related growth driver



SOCIETAL EXPECTATIONS AND LEGISLATIVE ENVIRONMENT

Changes in, or failure to comply with, the expectations of our external stakeholders, or 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.

Developments in 2021

Governments in all of our brands' markets have continued with restrictive measures to curb the spread of COVID-19, and have imposed fines on people and companies who have failed to meet these requirements. In conjunction with an increased focus on people's health and safety, there has been increasing concern about the health and safety of the planet. Discussions have intensified over climate change and other ESG topics (e.g., sustainable packaging), and expectations from consumers, investors, legislators and other key stakeholders have increased significantly.

How we manage this risk

We have implemented 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 2021, our brands and support organizations continued with additional company-wide measures to ensure the health, safety and well-being of associates and customers, while maintaining compliance with local laws and government restrictions. Since publishing our Human Rights Report in 2020, we've developed a methodology that helps each brand explore how it impacts associates, customers, communities and people in its supply chains, while engaging a broad range of internal (and sometimes external) stakeholders across functions and roles. For more information see *In focus: Ethics and human rights*.

Additionally, we have continued our research on the impact of climate change following recommendations from the TCFD. See more in *In focus: Climate change* and *Introduction to ESG*, which provides details on our management approach to these topics.

Relevant growth driver



Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

Compliance risks continued

PRODUCT SAFETY

There is a risk that customers may become injured or ill from the use or consumption of food and non-food 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.

Developments in 2021

The COVID-19 outbreak has heightened our focus not only on the health and safety of associates and customers, but also on the cleanliness and safety of the products our brands sell. COVID-19-related absenteeism at several of our brands' key suppliers has resulted in the temporary shutdown of production or manufacturing in certain cases. In several locations, in-person quality assurance audits have been temporarily suspended due to travel or other restrictions.

How we manage this risk

We have implemented a global Product Integrity organization, policies, control framework and standard operating procedures at all of our brands. We also ensure that third-party suppliers sign and adhere to the Ahold Delhaize Standards of Engagement, which outline standards on product safety and ethical and human rights guidelines. Our brands perform a variety of quality assurance reviews and audits in stores, distribution centers, and at key suppliers and preferred alternative suppliers. During 2021, these audits have continued in a virtual format. We further mitigate our risks in this area through different types of insurance coverage within our brands. For more information on the commitment to respecting human rights, see *In focus: Ethics and human rights*.

Relevant growth driver



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:

Climate change

In both the ERM assessment and ESG materiality assessment, we identified several risk factors that broadly relate to or have an impact on climate change (e.g., carbon emissions, sustainable agriculture and packaging). Some of these risk factors are captured within our existing principal risk categories and, notably, within our new principal risk surrounding ESG performance. While we do not categorize climate change as a principal risk in the short term, we believe that climate change risk factors will continue to evolve and could present a significant financial impact on our company in the longer term future.

Historically, we have evaluated this risk through an “inside-out” view that focuses on our impact on climate change, and have implemented a variety of measures and targets to reduce this impact. Starting in 2020, in conjunction with our commitment to the TCFD, we have begun a journey to also understand and evaluate the “outside-in” view of the risks of climate change on our business. For this reason, we have included a separate section on this risk; see *In focus: Climate change* for more information on the work we are doing to further understand, evaluate and mitigate the impact on our business.

Insurance risks

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

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. See also *Note 24* for financial risks related to pensions and other post-employment benefits.

Risks and opportunities

PRINCIPAL RISKS AND UNCERTAINTIES

SENSITIVITY ANALYSIS

At Ahold Delhaize, we closely follow the impact of different internal and external risk factors on operations. The purpose of our sensitivity analysis is to assess these risks in the context of the company's current strategy 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.

The following are two risk scenarios related to our strategy that, according to our sensitivity analysis, are considered severe but possible. Neither of these scenarios individually threaten the viability of the company; however, the compound impact of these scenarios has been evaluated as the most severe stress scenario.

Scenario	Associated principal risks	Description
Competitive pressure	Competitive environment	A sustained failure to effectively design and execute our Leading Together strategy could lead to an inability to adapt to new market dynamics driven by consumer behaviors and competition and result in a loss of market share to new market entrants or new shopping channels. These factors may have a material adverse effect on the company's financial position, results of operations and liquidity.
Information security and/or data breach and business disruption	Business continuity Information security and data privacy	In the event of a successful data breach, the company or its 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 distribution centers.

LOCAL HEROES

HANNAFORD LEADS THE WAY TO ZERO FOOD WASTE

In 2021, Hannaford became the first large-scale supermarket chain in the northeast United States to achieve zero food waste to landfills.

They start by avoiding food waste through great ordering and food handling processes that keep products fresh. Then, they donate or divert any food waste that does occur in one of three ways. First, to fight food insecurity. As a Feeding America partner, Hannaford donates as much safe and nutritious food as possible to community pantries, soup kitchens, and food banks. Second, when food isn't suitable for human consumption, Hannaford stores donate it to local livestock farmers who can use it as animal feed. And for the rest, they work with Agri-Cycle, a recycling company that collects food waste from across the northeast U.S. and uses farm-based anaerobic digesters to turn it into renewable energy. In this way, Hannaford generates enough energy to power 2500 homes annually!



Our planet's health and well-being are a top priority for Hannaford; our role in the food supply chain comes with great responsibility."

Mike Vail, Brand President



STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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Environmental, social and governance

INTRODUCTION TO ESG

ESG performance is an important part of how we measure success at Ahold Delhaize. We have a long history of reporting on our ESG performance and we are pleased to see our stakeholders' interest in this area continuing to increase.

Our *elevate healthy and sustainable* and *cultivate best talent* growth drivers cover a large part of our ESG performance. At the same time, we continue to embed a focus on ESG elements further into our organization and ensure everyone is aware of their importance and can contribute to our impact.

Our ESG ambitions and strategy are shaped by our most significant ESG topics, the UN Sustainable Development Goals (SDGs), market knowledge from our local brands and ESG benchmarks, including the Dow Jones Sustainability Index (DJSI), MSCI and Sustainalytics. We also work with frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD). We consider trends in our markets and around the world, feedback from our stakeholders, and alignment with global initiatives such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). We also look at future developments and how these could potentially impact Ahold Delhaize, for example, the implementation of the EU Taxonomy.

Our overall objective is to contribute to healthier people and a healthier planet. We have commitments, ambitions and aspirations in several focus areas that include, among others, further increasing healthy sales of own-brand products, reducing food waste, improving own-brand plastic product packaging, aiming for 100% diverse and inclusive workplaces and reaching the science-based absolute reduction targets we have set for carbon emissions, including the commitment to become a net-zero company for scope 1 and 2 emissions by 2040 and for scope 3 emissions before 2050.

In addition to the focus areas outlined above, we have continued our journey to improve performance in the ESG topics identified as material in our ESG materiality assessment. This section shows how we approach these ESG topics and provides in-depth insight into the work we do on climate change, human rights and diversity and inclusion.

How we manage our ESG performance

The Executive Committee, supervised and advised by the Supervisory Board (and its Sustainability Committee), has accountability for setting strategy and driving performance. See the *Corporate governance* chapter and the *Supervisory Board report* for more information on the Sustainability Committee and topics discussed in meetings.

Brand leadership is responsible for establishing implementation plans, resourcing their plans and monitoring performance. The Global Support Office (GSO) Health & Sustainability function reports directly to Ahold Delhaize's President and CEO. A global Health & Sustainability Steering Committee, consisting of two Executive Committee members, senior executives from the regions and the global SVP Health & Sustainability, provides insights to steer the strategic direction. A Health & Sustainability Leadership Community, made up of regional, global and local Health & Sustainability leads and relevant global functional leaders, drives global coordination and collaboration to speed progress toward our ambitions, aspirations and targets in the focus areas.

For more information on how our social and governance matters are managed, see *In focus: Diversity and inclusion*.

ESG materiality assessment

In this Annual Report, we report mainly on those ESG topics that stand out as being most likely to bring about the materialization of principal risks, now or in the future. Our disclosures on such ESG topics are tailored to provide the information that is necessary for an understanding of the development, performance, position and impact of our activities relating to such identified ESG topics. This is not a static exercise and the topics and nature of disclosures may change from time to time; we closely monitor how these topics evolve over time, tracking any emerging ESG and financial risks. To that effect, we carry out an ESG assessment.

Through our ESG materiality assessment, we ask stakeholders for feedback on the scale of Ahold Delhaize's impact on relevant and proportionate topics and how much these topics influence their decision making on ESG-related topics. We use their feedback to determine our most relevant and proportionate ESG topics, which, in turn, inform our Leading Together strategy. We follow the GRI methodology for performing the materiality assessment. To prioritize reporting on those topics that reflect the most significant impacts, we follow the GRI methodology for performing the materiality assessment. This also means that we do not cover all potentially relevant ESG topics, and prioritize the extent to which we do report on ESG topics consistent with our ESG materiality assessment outlined above.

Our analysis included three steps:

- First, we selected the relevant and proportionate topics to use as a starting point by referencing international reporting standards, including the GRI, SASB and the SDGs, media research, a peer review, and a risk and trend analysis of the food industry.
- Second, 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.
- Finally, we created a materiality matrix, which was discussed and approved in a meeting of the Executive Committee.

The following ESG topics were identified following these three steps, and are considered to be material using the methodology of GRI. These topics are further explained in the *Environmental*, *Social* and *Governance* chapters below.

Environmental, social and governance INTRODUCTION TO ESG

ENVIRONMENTAL: FOOD WASTE

Promote responsible handling to reduce food waste and increase reuse of food waste along the supply chain, in distribution and operations as well as in customers' homes.

Boundary: All parts of the value chain

[Link to SDG and related growth driver](#)

Read more on page 58



ENVIRONMENTAL: CO₂ EMISSIONS AND CLIMATE CHANGE

Reduce greenhouse gas emissions in our supply chain and own operations (stores, distribution centers and logistics) and increase energy efficiency in our own operations.

Boundary: All parts of the value chain

[Link to SDG and related growth driver](#)

Read more on page 58



ENVIRONMENTAL: SUSTAINABLE PACKAGING

Reduce the use of plastic and other packaging materials, decrease the weight of packaging, and increase the recyclability, reusability and recycled content of packaging.

Boundary: Own brand, selling, consumer

[Link to SDG and related growth driver](#)

Read more on page 60



ENVIRONMENTAL: SUSTAINABLE AGRICULTURE

Promote agricultural practices that support healthy ecosystems, economic viability and social equity.

Boundary: Farming and commodity traders.

[Link to SDG and related growth driver](#)

Read more on page 61



SOCIAL: HEALTHY PRODUCTS

Increase the share and availability of healthy products in our brands' assortment and provide information to enable healthier and more sustainable diets for customers and associates.

Boundary: Product development, own brand, selling, consumer.

[Link to SDG and related growth driver](#)

Read more on page 73



SOCIAL: FAIR LABOR PRACTICES IN THE SUPPLY CHAIN

Promote respect for human rights, wages and incomes and labor practices throughout the supply chain and pay a fair price to suppliers and farmers.

Boundary: Raw materials, farming and traders, own brand

[Link to SDG and related growth driver](#)

Read more on page 73



SOCIAL: ASSOCIATE SAFETY, HEALTH AND WELL-BEING

Create a healthy and safe work environment that fosters associate well-being.

Boundary: Warehouse and distribution, Selling

[Link to SDG and related growth driver](#)

Read more on page 74



GOVERNANCE: PRODUCT SAFETY AND QUALITY

Guarantee the highest safety and quality standards for the products our brands sell and, at minimum, comply with applicable local legislation.

Boundary: All parts of the value chain

[Link to SDG and related growth driver](#)

Read more on page 79



GOVERNANCE: AVAILABLE AND AFFORDABLE PRODUCTS

Ensure product availability and affordable pricing of our brands' products to meet the (dietary) needs of customers.

Boundary: Selling, Consumer

[Link to SDG and related growth driver](#)

Read more on page 79



GOVERNANCE: DIVERSITY AND INCLUSION

Ensure equal treatment of all associates independent of gender, age, religion, race, caste, social background, disability, ethnicity, nationality, membership in workers' organizations, political affiliation, sexual orientation, or any other personal characteristic protected by law.

Boundary: Warehouse and distribution, Selling

[Link to SDG and related growth driver](#)

Read more on page 79 and page 82



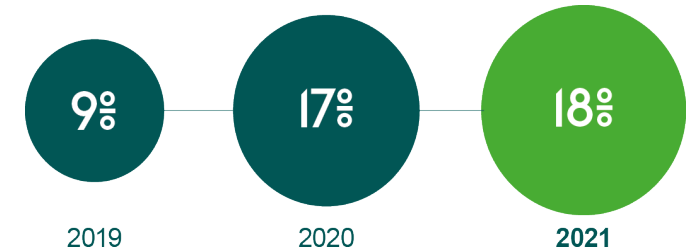
ENVIRONMENTAL SOCIAL GOVERNANCE

Percentage reduction in absolute CO₂-equivalent emissions from own operations (Scope 1 and 2)¹

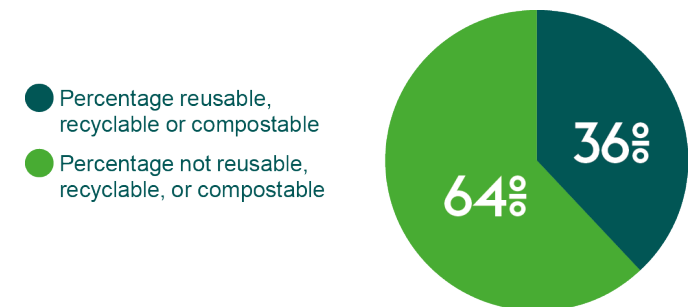


¹ Percentage scope 1 and 2 CO₂ reduction from 2018 baseline (restated)

Percentage reduction in tonnes of food waste per food sales compared to 2016 baseline



Percentage of reusable, recyclable or compostable own-brand primary plastic packaging in 2021



Environmental, social and governance

ENVIRONMENTAL

As the pace of climate change accelerates, there is less than a decade left to ensure a healthy future. As part of our strategy to support a healthier planet, we measure and manage our company's environmental impacts relating to carbon emissions, food waste and plastic waste as well as the impact of climate change on our company.

For information on our performance on these environmental topics, see [ESG statements](#).

FOOD WASTE

Developments in 2021

In 2021, food waste remained an important topic worldwide, as billions of tonnes of food is wasted while millions of people are hungry or undernourished.

Our impact

Our brands' challenge is to reduce food waste while, at the same time, offering customers fresh and nutritious products that make it convenient for them to choose the healthy option. Fresh products often have a shorter shelf life; to avoid food waste, our brands work hard to ensure that products do not reach their expiration dates before they are purchased and consumed.

Food waste negatively impacts our financial results due to the lost margin. In 2021, Ahold Delhaize brands reported 258,528 tonnes of food wasted. A total of 75% of the food wasted in 2021 was recycled, with the remainder being sent to landfill or incinerating facilities.

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our communities. We have a three-pronged approach to driving down food waste.

First, we reduce waste across our brands' operations, including stores, warehouses and transport. For example, Albert Heijn is reducing food waste through the "yesterday's bread" initiative by selling any bread left over from the day before at extra low prices. See [Albert Heijn fights food waste with "yesterday's bread"](#) for more information.

Second, we divert surplus food to food banks, charities and innovative operations such as restaurants that cook with unsold food. For example, Food Lion set up the Food Lion Feeds program and set itself a target to donate 1.5 billion meals by 2025. Since the start of the program, they have already donated more than 800 million meals.

And third, 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 the U.S. this year, Hannaford became the first large-scale grocery retailer across its New England and New York market to donate or divert all food waste, sending no food at all to landfill.

But we also look further than our own operations. As a founding member of the 10x20x30 Food Loss and Waste Initiative, all of our brands are partnering with key suppliers to tackle the challenge of food waste across the supply chain. Ahold Delhaize brands have so far partnered with fourteen major

suppliers to root out food loss and waste in the food supply chain: Arla Foods, Barba Stathis, Cargill, Chobani, Delta, General Mills, Hilton Foods Holland, Hoogesteger, Kellogg's, La Linea Verde d.o.o., Mars Incorporated, PepsiCo, Vezet and Yuhor have committed to reduce food waste by 50% in their own operations by 2030.

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.

CO₂ EMISSIONS AND CLIMATE CHANGE

Developments in 2021

In line with the latest climate science on limiting global warming, we are committed to reducing carbon emissions in our own operations and across our value chain. See also [In focus: Climate change](#) for a deep dive into how we are addressing the issue of climate change and more information about developments on this topic during 2021.

Our impact, approach and progress

NET-ZERO AMBITION

We believe it is imperative that we achieve decarbonization of our business and partners to enable a 1.5°C-future. Ahold Delhaize and its brands have worked towards a net-zero scenario before 2050. Our approach is based on science-based targets. In November 2021, we updated our net-zero ambition and made a public commitment to reach net-zero carbon emissions.

The updated commitment by Ahold Delhaize and the local brands is to reach net-zero carbon emissions across all operations by 2040 (scope 1 and 2) and to become net-zero businesses across the brands' entire supply chains, products and services no later than 2050 (scope 3). We set these updated commitments taking requirements from the Science Based Targets Initiative into account.

Based on our initial assessments of available data and competitive positioning, we have focused our efforts on developing an economic pathways to net zero, within scope 1 and 2 initially. Scope 1 and 2 emissions come mainly from electricity and refrigeration (approximately 85%). Based on our analysis of potential initiatives, we believe it is possible to reduce emissions by approximately 60% at neutral cost (over the depreciation cycle of the capital expenditure investment). However, initiatives like replacing refrigeration systems and transforming the transport fleet our brands use are more expensive and will require significant capital expenditure at an earlier stage than initially planned, based on the current replacement cycle. Some initiatives might also result in cost savings, such as the implementation of more energy-efficient equipment leading to less electricity usage as well as the use of renewable energy sources.

SCOPE 1 AND 2

In order to reduce CO₂ emissions in our own operations, we have identified the following actions:

- **Replacing or retrofitting refrigerator systems** with lower greenhouse gas alternatives, installing natural/hybrid systems (e.g., new CO₂ systems) and minimizing leakage from all our systems. This action has the potential of reducing carbon emission from using refrigeration equipment by up to 95%

Environmental, social and governance

ENVIRONMENTAL

- **Accelerating the switch to renewable power**, with a number of brands using 100% renewable electricity by 2023, reducing up to 100% of carbon emissions relating to energy consumption. This will be achieved through renewable energy credits (RECs), power purchase agreements (PPAs) and energy efficiencies from replaced refrigerants.
- **Building and remodeling stores in the most energy-efficient way**. Our brands could achieve this by installing energy-efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, CO₂ refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. While our brands have already started to execute on this action, the net-zero ambition is expediting our work in this area.
- **Switching to low-carbon heating initiatives**, including heat pumps and heat recuperation.
- **Converting both our light and heavy transportation fleet** to zero-carbon alternatives, including battery electric vehicles (BEV), leveraging route optimization technology and improving fill mechanism to reduce overall energy use. The costs for this will be impacted by the ratio of how our brands will make use of short-range trucks (electric) vs. long-range (hydrogen fuel cell) trucks.
- **Applying an internal carbon price model** to investment proposals from the local brands. This was implemented in 2021 but going forward we continue to fine-tune the model and further develop climate criteria for CapEx proposals.

Our ability to achieve net-zero carbon emissions with the actions above is based on the following assumptions:

- The company needs to replace approximately 30–40% of existing refrigeration systems and will be able to improve approximately 60–70% of existing systems by replacing coolants.
- Within the next years, 50% of the brands' heavy duty vehicle fleets will be converted to battery-powered electric vehicles and 50% to hydrogen fuel cells, with fuel cell electric vehicle technology becoming economical by 2032.
- 100% renewable energy (RECs /PPAs) can be acquired at close to parity with grid power.
- Approximately 20% of heating emissions can be reduced through insulation installation, and the remaining approximately 80% by switching to alternative fuel such as heat pumps, district heating, etc.
- Our assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2022–2024 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

SCOPE 3: COLLABORATING ACROSS THE VALUE CHAIN

Our scope 3 emissions from our value chain, mainly from purchased goods and services, waste management and franchise operations, represent approximately 95% of our total carbon footprint.

Calculating scope 3 emissions is complex. Our brands have hundreds of thousands of products on their shelves supplied by thousands of direct suppliers. All of these direct suppliers source materials and ingredients from their own suppliers, resulting in complex supply chains covering all areas of the world.

As a result of this complexity, actual data on our scope 3 carbon emissions is currently not consistently available, and we continue to work to improve this. As our brands continue to reach out to their suppliers, we expect increasing access to actual data, which will make our numbers more accurate. At the moment, we fully rely on assumptions and estimations when calculating our scope 3 carbon emissions. See also [ESG statements](#).

To reduce carbon emissions along the value chain, we focus on four areas:

Supplier engagement

As most of the greenhouse gas emissions from our value chain are embedded in the products our brands sell, engaging with suppliers to reduce their emissions is where we can have the biggest impact. The food industry is already taking action to reduce emissions, and some of the world's largest food manufacturers within our brands value chains have adopted targets in line with the Science Based Targets initiative. With the announcement of targets for 2030, our brands are continuing the journey to engage with their key suppliers and support them in their transition to less carbon-intensive production.

During 2021, we reached out to over 200 suppliers, asking that they report their emissions either through the Carbon Disclosure Project (CDP) (mainly A-brand suppliers) or via our own survey (mainly own-brand suppliers); we will continue this reporting process annually. Once we have robust data available, we can estimate a more accurate baseline for scope 3.

Once the more robust baseline is set, we will start engaging with Procurement to set incentives for suppliers to achieve the required yearly scope 3 emission reduction target. A detailed plan for scope 3 will follow no later than November 2022.

Our brands have a further opportunity to reduce scope 3 carbon emissions in agriculture, through their focus on partnering with farmers in the transition to low-carbon products. For example, Albert Heijn incentivizes sustainable change through longer term contracts including premium pricing and with concrete environmental requirements and co-investments on farms.

Waste management

Every year, around one-third of all food produced for human consumption globally is lost or wasted. According to the UN Food and Agriculture Organization (FAO), if food loss and waste were its own country, it would be the world's third-largest greenhouse gas emitter, surpassed only by China and the United States. Our ambition to reduce food waste by 50% by 2030 also contributes to reducing carbon emissions, in addition to the other benefits of improving food security and conserving natural resources. For more information on our approach to food waste, see [Food waste](#).

Environmental, social and governance

ENVIRONMENTAL

Low-carbon products

Customer demand for healthy, low-carbon diets, including plant-based proteins, is on the rise in many of our brands' markets. Building on a history of product innovation, our brands continue to increase the number of low-carbon products in their assortments and, together with suppliers, bring new alternatives to the market. Our brands can help people further understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. To achieve this, our brands use technologies, such as blockchain and artificial intelligence, to bring customers more transparency – starting with fresh fruits and vegetables and then moving to the seafood and meat supply chains. By giving customers access to personalized information – for example, through loyalty apps or online advice – our brands empower and enable customers to make better choices.

Outsourced transport services

Roughly half of our transportation today is handled by third-party service providers. Our brands work with service providers to reduce their emissions – both those associated with the delivery of goods to stores and with associates' business travel.

How we measure performance

- Percentage reduction in absolute CO₂-equivalent emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.

SUSTAINABLE PACKAGING

Developments in 2021

The drive for sustainable packaging continued during 2021 and, while the pandemic resulted in an increased use of packaging materials for hygienic purposes, more voices around the world are raised for reducing (plastic) packaging or ensuring it is recyclable.

The recyclability of product packaging is complex, as packaging comprises several different materials. An important step to assess the recyclability of plastic packaging, is to find evidence that an infrastructure for recycling exists in practice and at scale today for each plastic packaging category we have in our packaging portfolio. 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.

Our impact

Across the globe, millions of tonnes of plastic ends up in landfills, is burned or leaks into the environment – and that amount is rising every year. That is why we pledged to eradicate plastic waste and pollution at the source via the New Plastics Economy Global Commitment ("The Global Commitment") in 2018. The Global Commitment has united more than 500 organizations behind a common vision of a circular economy for plastics. Driven by the goal of tackling plastic pollution at its source, companies representing 20% of all plastic packaging produced globally have committed to ambitious 2025 targets to help realize that common vision. The Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with the UN Environment Programme. Through the Global

Commitment, businesses and governments commit to changing how we produce, use and reuse plastic. The organizations will work to eliminate the plastic items we do not need; innovate so all plastic we do need is designed to be safely reused, recycled, or composted; and circulate everything we use to keep it in the economy and out of the environment.

In our business model, we mainly consume plastics through our own-brand products and various suppliers (consumer packaged goods) that manufacture branded products delivered to our own operations. In our approach to reduce plastic waste, we focused on reducing plastics in both our own brands and branded products.

For our own brands, we have set a target to achieve 100% of plastic packaging can be easily and safely reused, recycled or composted by 2025. In 2021, Ahold Delhaize brands put 158 thousand tonnes of own-brand primary plastic product packaging on the market, of which 36% is currently reusable, recyclable, or compostable. However, reaching our goal of 100% has proved challenging and complex, due to issues ranging from the levels of recyclability of the multiple packaging elements themselves to the availability of a robust recycling infrastructure within some of our brands' markets.

For branded products, the influence we may have on our suppliers in this regard is limited and we are dependent on the information they want to provide to our brands. We encourage our suppliers to pledge to The Global Commitment and become members of the of the Ellen MacArthur Foundation, setting ambitious 2025 targets to help realize the common vision with strict monitoring, and we monitor their progress via the Foundation. Many of our significant suppliers have already made this commitment, including L'Oreal, MARS, Nestle, PepsiCo, The Coca-Cola Company and Unilever along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands' operations. We monitor progress through The Global Commitment Progress Report where all the signatories provide an update to the Ellen McArthur Foundation on the progress they made on the commitments during the year. The 2021 report had three key findings:

1. After decades of growth, virgin plastic use appears to have peaked for The Global Commitment brands and retailers, and is set to fall faster by 2025.
2. Progress has largely been driven by recycling, but that is not enough to solve plastic pollution – much more focus is urgently needed on eliminating single-use packaging.
3. A large number of businesses and countries are supportive of a global agreement on plastic pollution, recognizing voluntary initiatives alone will not be enough.

See the website of the Ellen MacArthur Foundation for detailed insights on the progress and challenges to reduce plastic waste for the retail and food sectors. We will continue to encourage consumer packaged goods suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.

We also work with several umbrella organization to find create solutions for sustainable packaging. For example, we collaborated with the Packaging Waste Fund Foundation to research the viability of PET tray recycling at Albert Heijn. We also worked together with Fost Plus in Belgium to look at ways of increasing recycling rates and removing plastics that disrupt recycling.

Environmental, social and governance

ENVIRONMENTAL

Our approach and progress

We aim to move to a more circular system to reduce the negative impacts of plastic and our brands are focused on where we can have a direct impact.

For example, in 2021, The GIANT Company, Hannaford and the Stop & Shop stores serviced from the Freetown, Massachusetts, distribution center transitioned their own-brand commodity fresh chicken program from EPS foam trays to PET rigid trays, diverting an estimated 450 metric tons of foam from the waste stream annually. Food Lion and Giant Food are scheduled to transition their commodity chicken program away from foam trays in 2022.

Several of the Ahold Delhaize USA brands (The GIANT Company, Giant Food, Hannaford and Stop & Shop) also transitioned their Nature's Promise organic fresh chicken program from EPS foam trays to PET rigid trays, diverting an estimated 15 metric tons of foam from the waste stream.

Our brands are also reducing single-use plastics used for carrier bags. In 2021, Albert Heijn was the first large supermarket in the Netherlands that announced it would stop using plastic bags for fruit and vegetables. This move will save 130 million bags, the equivalent of 243,000 kg of plastic, per year when fully rolled out.

Recycling plastic waste generated in our own facilities is another focus area. In 2021, Albert invested in a new recycling center right next to its distribution center in Klecany, near Prague. The distribution center recycled up to 6,000 tons of packaging materials each year and with the launch of this new center doubled its capacity. The material is returned to circulation as a secondary raw material in accordance with the environmental management certification ISO 14001.

Our brands continue to improve their own-brand product packaging by switching to more environmentally friendly materials or reusable packaging, eliminating unnecessary plastic packaging and increasing the use of post-consumer recycled content.

How we measure performance

- Percentage own-brand primary plastic product packaging being reusable, recyclable or compostable.

SUSTAINABLE AGRICULTURE

Developments in 2021

As the world's population grows, the challenge of feeding more people with less negative impact on the planet becomes more urgent, and with it, the global focus on building a more sustainable, equitable food and farm system. Consumers, employees, regulators and shareholders expect companies to tackle issues such as biodiversity, circularity, deforestation and water usage.

Our impact

Our brands source products from around the world and sell products outside their growing season; bringing products to the stores from outside of local growing regions requires more energy and resources. A total of 45% of the brands' net sales come from the sale of food products, giving us a seat at the table to provide input into how food production and sourcing will look in the future and how food can be produced sustainably, with respect to the environment and protecting biodiversity. With our own-brand products, we can make a real impact, directing what is sold, how it is produced and where.

Our approach and progress

Land-based agricultural production is the basis of the majority of the food products sold by the Ahold Delhaize brands. Unsustainable agricultural practices can compromise the production capacity of agricultural land, put pressure on the affordability of food and availability of land and negatively affect biodiversity and the environment.

Biodiversity is the foundation of life, and essential to healthy water and soil. All food products that we sell are directly or indirectly derived from biological resources, either wild or domesticated. In addition, the bulk of what we build with, make medicines from, and use as industrial raw material is derived from nature. Products that are not sustainably sourced pose a threat to biodiversity worldwide. Natural habitats, forests and wetlands are often converted into monocultures. Coupled with this, the unsustainable use of pesticides can further damage the surrounding biodiversity.

An example of how we're partnering to advance sustainable agriculture is Albert Heijn's "Better For" program, through which the brand partners with more than 1,000 suppliers and farmers to ensure production is better for animals, farmers, and the environment. Albert Heijn works with these farmers exclusively and focuses on reducing carbon emissions in the value chain, improving biodiversity and increasing transparency on how products are produced. Another example is The GIANT Company's partnership with Rodale Institute, the leading voice in developing solutions for the regenerative organic movement. The GIANT Company supports three key Rodale initiatives that are centered on farm consulting, farmer training and research. Through this program, farmers will receive support with the transition to organic farming and training in regenerative organic agriculture.

Around the world, forests continue to disappear, often for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial because they capture carbon and thus help mitigate climate change. Tropical rainforests are home to much of the world's biodiversity, and support livelihoods across the globe. In addition, protecting, restoring and sustainably managing natural ecosystems, such as old-growth forests, marshes, mangroves and peatlands, could help to avoid the worst climate scenarios. Because of this, the food industry must help reduce deforestation and land conversion and identify alternative methods to produce the commodities that feed the world.

Ahold Delhaize and our brands aim to achieve zero deforestation and conversion by 2025 through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products. We already have specific policies taking the High Conservation Value approach and the No Deforestation, No Peat, and No Exploitation principle into account on soy, palm oil, wood fiber and beef. We use risk assessments to detect other forms of deforestation or conversion.

Our brands are working on further integrating 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.

How we measure performance

- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.
- Percentage sustainable sourcing for seven commodities in our own-brand products. For performance on these matrices, see the [critical commodity reporting](#) on our website.

Environmental, social and governance ENVIRONMENTAL

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

The EU Taxonomy was introduced to establish a common classification system for sustainable activities. The first reporting requirements – on climate change adaptation and climate change mitigation – became applicable over the 2021 financial year. Our updated net-zero ambition, announced in November 2021, and explained in more detail above, is a reflection of Ahold Delhaize's commitment to contribute to the objectives of the Paris Agreement and to play our part in keeping the planet on a 1.5°C pathway. Also see the EU Taxonomy disclosures in the [ESG statements](#).

Application of the EU Taxonomy

We support the EU Taxonomy and the objectives it aims to achieve. However, considering the evolving character of the European regulatory framework, the level of complexity of the available legislation and the lack of clarity around how to interpret and apply it, we expect that reporting will evolve and, over time, in-scope companies will be able to apply the legislation in line with market practice, as will be shaped initially following the first round of EU Taxonomy disclosures over financial year 2021 by issuers, including our EU peers. The company will, from time to time, review its methodology and the figures based on the evolution of the regulations and guidance from, among others, the European Commission and the European Securities and Markets Authority (ESMA).

The EU Taxonomy requires any in-scope company to disclose on an annual basis how and to what extent its activities are associated with economic activities that qualify as environmentally sustainable under the technical screening criteria set pursuant to the EU Taxonomy. Ahold Delhaize's main economic activity is the operation of food stores and e-commerce (see also [Note 7](#) to the consolidated financial statements). Food retail currently does not match the description of an activity and the technical screening criteria laid out in the Climate Delegated Act that classifies economic activities as sustainable and, therefore, the main activities of the company are out of scope.

Ahold Delhaize also engages in other, secondary economic activities that are primarily focused on supporting the retail activities, such as transportation of goods from distribution centers to stores, and owning and leasing real estate, such as retail space, office buildings and distribution centers. A number of these supporting economic activities identified are included as economic activities pursuant to EU Taxonomy legislation.

Outsourced activities

In some countries, transportation (outbound logistics) is not handled by the company itself but outsourced to a third party and purchased as a service, resulting in no capital expenditure.

Ahold Delhaize and its brands are using data processing and storage as our business is becoming more data-driven, and large quantities of data are produced, processed and analyzed on a daily basis. A large part of these activities are outsourced to third parties, resulting in data processing being done in data centers not owned (or leased) by the company.

While Ahold Delhaize and its brands are selling own-brand products, the manufacturing of these own-brand products are outsourced to third parties, with the exception of some coffee roasting and packaging activities. Manufacturing of food products are not included as economic activities listed in the EU Taxonomy.

Economic activities eligible under the EU Taxonomy

To assess eligibility, we identified the activities as included in the Climate Delegated Act of the EU Taxonomy, as adopted by the European Commission on June 4, 2021. We have identified the following significant activities in which Ahold Delhaize and its brands are engaged, and that are eligible under the EU Taxonomy. See also the paragraph on the EU Taxonomy in the [ESG statements](#) for further information on the economic activities identified. All four of these economic activities are applicable for both the climate change mitigation and climate change adaptation environmental objectives, although, in 2021, Ahold Delhaize contributed mostly to climate change mitigation:

Activity number ¹	Activity name
7.3	Construction and real estate activities: Installation, maintenance and repair of energy efficiency equipment
7.7	Construction and real estate activities: Acquisition and ownership of buildings
6.5	Transportation: Transport by motorbikes, passenger cars and light commercial vehicles
6.6	Transportation: Freight transport services by road

¹ Activities and the related activity numbers as defined in the EU Taxonomy Climate Delegated Act.

For information about these economic activities, see [ESG statements](#).

Key performance indicators under the EU Taxonomy TURNOVER

Food retail does not currently qualify as a product or service associated with economic activities that are characterized as environmentally sustainable, as it does not match the description and the technical screening criteria laid out in the Climate Delegated Act. No net sales are recorded in the consolidated income statement for the secondary activities identified on the previous page.

Therefore, due to the current scope of the EU Taxonomy and the related technical screening criteria, our turnover is not covered by and thus not eligible in the EU Taxonomy.

Total turnover (and net sales per our consolidated financial statements) is €75.6 billion, of which zero percent is eligible under the EU Taxonomy.

CAPITAL EXPENDITURE (CapEx)

The following chart shows how we have allocated our CapEx to eligible activities in accordance with the EU Taxonomy. Where insignificant CapEx was spent on economic activities, these activities were considered to be small or insignificant and it is therefore reported as non-eligible even though some of it might qualify under the EU Taxonomy. For more information about the activities classified as small / insignificant, see [ESG Statements: EU Taxonomy](#).

See below for the quantitative disclosures applicable to this indicator.

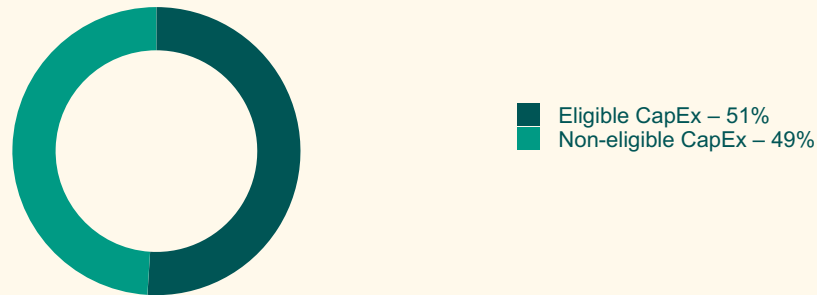
Environmental, social and governance ENVIRONMENTAL

Environmental objective: Climate change mitigation

EU Taxonomy KPIs	CapEx
Taxonomy eligible activities (%)	51%
Taxonomy non-eligible activities (%)	49%
CapEx used for EU Taxonomy purposes (in € millions)¹	4,279

¹ See *EU Taxonomy in ESG statements* for the reconciliation of CapEx used for EU Taxonomy purposes to the additions in the consolidated financial statements.

Eligible and non-eligible CapEx under the EU Taxonomy



Environmental objective: Climate change adaptation

Our analysis of CapEx spent in 2021 indicated that no CapEx or very limited amounts were spent on climate change adaptation. Where CapEx spent is potentially both for climate change mitigation and climate change adaptation, the full amount of 2021 CapEx was allocated to climate change mitigation.

OPERATING EXPENSES (OpEx)

The legislation also considers the spend on operational expenditure (OpEx) directly attributed to capital expenditure needed for the transition to more sustainable operations, to be eligible in accordance with the EU Taxonomy. This definition is narrower than the accounting definition of operating expenses. As the operational expenditure, in accordance with the EU Taxonomy definition, is not significant to meet Ahold Delhaize's long-term goals to transition to more sustainable operations, we make use of the exemption for the calculation of OpEx, in accordance with the legislation. This is supported by the review we have done to calculate the additional operating expenses needed to meet our net-zero ambition (see above) and whether these operating expenses are eligible under the EU Taxonomy.

Therefore, we report zero eligibility based on our materiality assessment.

Looking ahead

In 2022, Ahold Delhaize and its brands will, in addition to determining eligible turnover and CapEx, also determine the aligned portions by identifying whether the business activities are environmentally sustainable within the meaning of the Taxonomy regulation. This will be done by determining if the economic activities make a substantial contribution to either of the six environmental objectives, evidenced by compliance with the technical screening criteria, "do no significant harm" to other environmental objectives and comply with the minimum social safeguards.

Although further regulation on the other four environmental objectives is not yet published, it is expected that the company will have economic activities related to these environmental objectives.

LOCAL HEROES

ALBERT HEIJN FIGHTS FOOD WASTE WITH “YESTERDAY’S BREAD”

The team at Albert Heijn has found a way to help keep one popular product from going to waste.

Through the “Yesterday’s bread” initiative, bread not sold on the same day it’s delivered fresh to the store will be sold the next morning for an extra low price: 25 cents for a half loaf or 50 cents for a whole loaf or bag of buns. Customers in all Albert Heijn stores are now able to save and prevent food waste with every sandwich they eat!

The brand estimates that around 1% of products are wasted before making it to customers’ plates. While that may seem like a small percentage, for Albert Heijn it’s too much. It represents not only a waste of food but of the time and energy invested in its production. “Yesterday’s bread” could save 1.4 million kilograms of food waste annually.



Our challenge is to reduce food waste while at the same time offering customers a wide assortment; we’ve been working for years on innovative ways to do this and ‘yesterdays’ bread’ will help!”

Anita Scholte Op Reimer, responsible for Quality and Sustainability at Albert Heijn



Environmental, social and governance

IN FOCUS: CLIMATE CHANGE

INTRODUCTION

Climate change and the degradation of nature is a global threat to the health of the planet, people's lives and livelihoods. While it has been emerging as a risk for a long period, we saw increased urgency and an intensified call to action this year by governments and regulators around the world.

The climate crisis also encompasses a range of other issues – deforestation, biodiversity loss, and pollution among others. Ultimately, these are about the health and resiliency of the planet, which underpins the well-being of those that inhabit it.

As food retailers, we're acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come, from how and where our products are sourced to what our stores look like and how we heat or cool them. Climate change could result in losses due to property damage, revenue loss due to lack of product, higher product prices and higher costs, such as higher energy costs to cool our brands' stores. We also see opportunities for our brands to source popular products from new areas and meet changing customer needs with innovative and high-quality products, sustainably sourced.

To seize these opportunities and make a positive difference, we believe we need to challenge assumptions in our current food system. One example is the practice of providing large quantities and a great variety of products all year round that, in turn, wastes valuable food and energy. We face the dilemma of meeting customer expectations on variety, affordability and availability of food while reducing the cost to the planet, and meeting expectations on profitability from shareholders and investors. To address this challenge, we continue to work hard to engage customers and incentivize them to adopt healthier and more sustainable diets, reduce emissions across the entire value chain, promote biodiversity and reduce food and plastic waste. We are also revisiting our investment models, to address physical risks related to climate change, how we invest in our business and how we can make it more future-proof.

As we have done in previous years, this year we have integrated climate-related disclosures throughout this Annual Report. In this climate change deep-dive section, we discuss in detail the risks and opportunities for our business arising from climate change, but also how our business impacts our environment and climate. We also explain how we strive to manage those risks and opportunities, the actions we are taking (and plan to take) to mitigate the risks and how we govern our overall approach. In the [Environmental](#) section preceding this deep dive, we include information about our net-zero target and our disclosures under the EU Taxonomy, published by the European Union in order to channel investment streams towards sustainable investments. Additional information on the EU Taxonomy is also included in the [ESG statements](#) under [Environmental](#). In addition, we provide further information on climate change in the [Risks and opportunities](#) section.

GOVERNANCE

Ahold Delhaize's Management Board takes overall accountability for the management of all of the company's risks and opportunities, including climate change. Our CEO has direct responsibility for oversight of our climate change agenda as it falls under our elevate healthy and sustainable growth driver. This includes leading the policy development of the climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion at the Management and Executive Board as well as the Sustainability Committee of the Supervisory Board, in line with our risk review cycle. See also [How we manage our ESG performance](#) for more detail.

Our Chief Financial Officer maintains oversight of our climate-related financial activities and reporting, sponsoring the Task Force on Climate-related Financial Disclosures (TCFD) and EU Taxonomy working groups that comprise colleagues across our climate, risk management and finance teams and maintain day-to-day oversight of these areas. See also how we manage ESG performance as explained in the [Introduction](#) to the ESG chapter.

Five of the nine members of the Supervisory Board are also members of the Board's Sustainability Committee, which is responsible for overseeing sustainability. The Sustainability Committee advises the Supervisory Board on the Company's long-term sustainability vision, strategy and target setting. It monitors the company's performance on sustainability targets. The Committee is responsible for monitoring the company's sustainability talent, leadership and culture development and assisting the Supervisory Board in fulfilling its oversight responsibilities for risks related to the topic. The Sustainability Committee met twice in 2021. See also the [Supervisory Board report](#) for more information on the Sustainability Committee and topics discussed in meetings.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce their climate impact from own operations (scope 1 and 2). These teams consist of associates from departments such as store development and store maintenance as well as sourcing managers. Our brands have also started to engage with suppliers to reduce carbon emissions from their supply chains (scope 3) and they have communicated with their largest suppliers to learn more about their plans and current emissions.

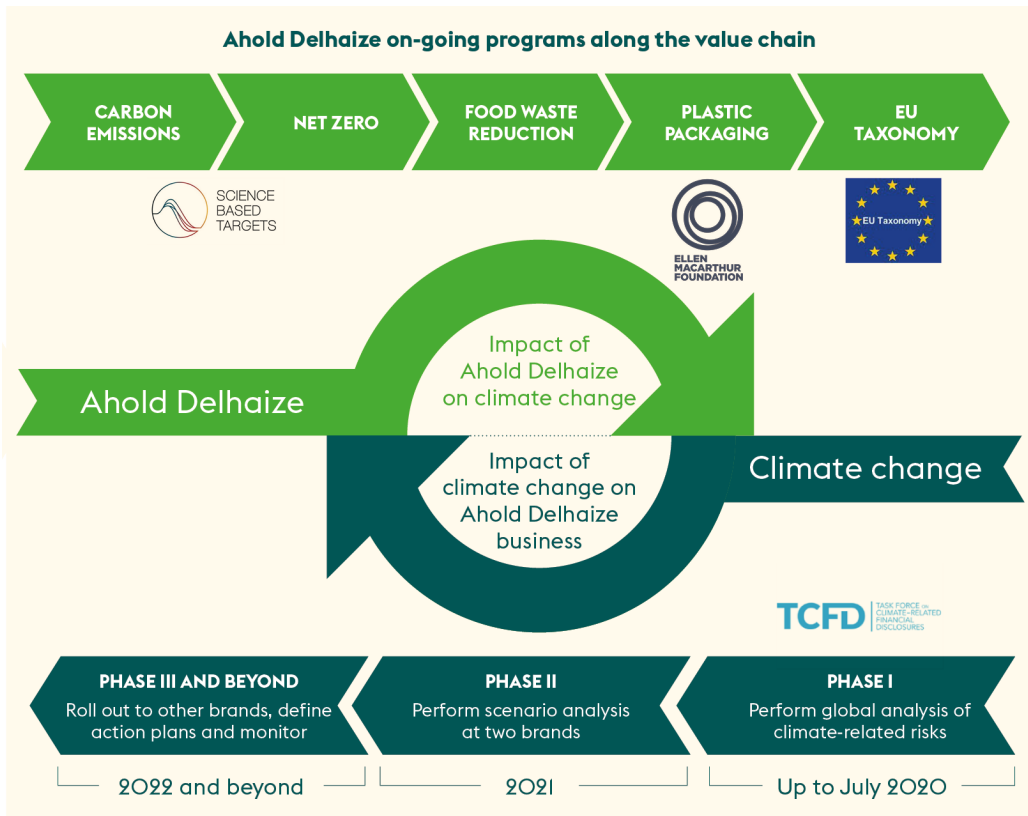
To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 carbon emission reduction targets to remuneration under our short- and long-term incentive plans. See [Remuneration Policy](#) for details.

Environmental, social and governance IN FOCUS: CLIMATE CHANGE

STRATEGY

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.

In June 2020, Ahold Delhaize publicly committed to implementing the TCFD recommendations. The TCFD provides a framework to improve the disclosure of consistent, comparable, reliable and clear climate-related financial information to help investors make better capital allocation decisions in support of the transition to a low-carbon economy. We have adopted the TCFD's recommendations and are reporting in line with its recommendations, where possible.



In November 2021, Ahold Delhaize and the brands announced our commitment to reach net-zero carbon emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire supply chain, products and services no later than 2050 (scope 3). For more information, see *Net-zero ambition* under *Environmental*.

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 Science Based Targets initiative (SBTi) and the UN-led Race to Zero campaign.

Ahold Delhaize and its brands have committed to long-term science-based targets to reach a net-zero value chain by 2050 and will advocate towards the value chain to build carbon-emission reduction plans consistent with a 1.5°C scenario. The biggest opportunity to reduce scope 3 carbon emissions can be made in agriculture, where the brands focus on partnering with farmers in this transition, by incentivizing sustainable change through longer term contracts with concrete environmental requirements and co-investments on their farms. We will embed these opportunities into a detailed plan on how to reduce scope 3 emissions.

We are a founding member of the World Resources Institute (WRI) 10x20x30 initiative to reduce food waste and a signatory of the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, to address plastic waste and pollution at its source. For more information, see *Food waste* and *Sustainable packaging* in *Environmental*.

RISK MANAGEMENT

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 to our business. We are assessing climate-related risks through a phased process that includes deep dives into our different brands. This process is led by teams comprised of Ahold Delhaize global and local subject matter experts along with third-party specialized firms.

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, wide-spread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

Looking ahead, we plan to expand our initial analysis beyond trading impacts to cover further potential risks and opportunities, for example, those relating to capital investment, technology and people as well as additional product categories and additional brands. For more detail on the scenario analysis performed in 2021, see the following page.

Environmental, social and governance IN FOCUS: CLIMATE CHANGE

Climate-related risk assessment

The TCFD divides climate-related risks into two major categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

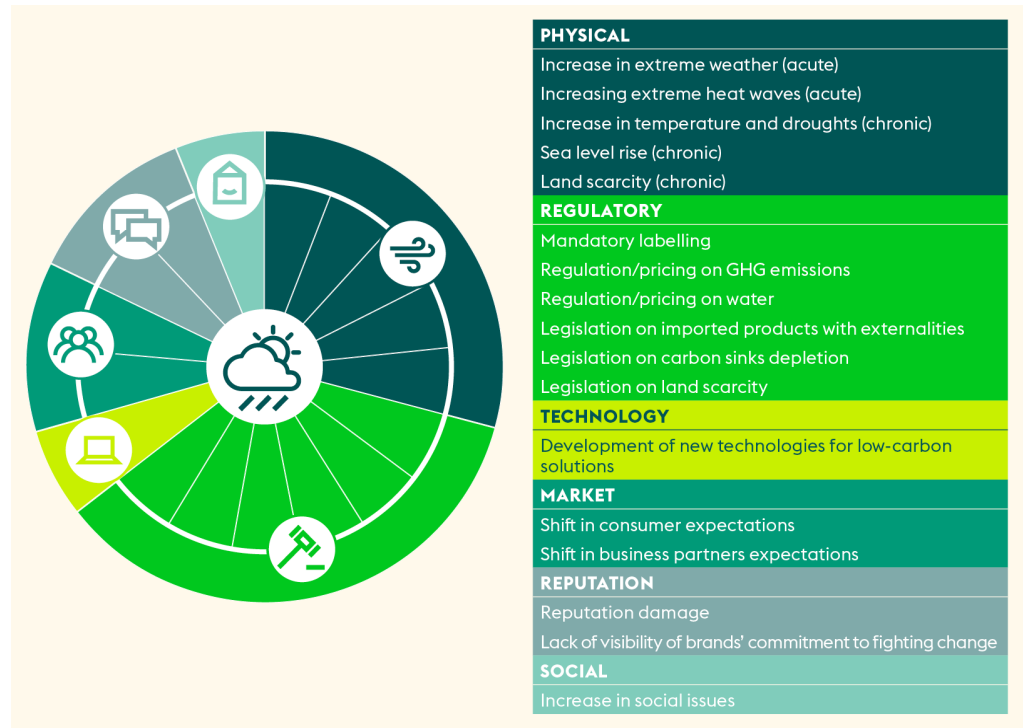
Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and employee safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business. In 2020, Ahold Delhaize conducted Phase 1, our first global analysis of climate-related risks and the potential material impacts on our business value chain. We developed two climate scenarios in line with 2°C and 4°C trajectories and identified 17 climate-related vulnerabilities (see diagram to the right) that could impact our supply chain, stores, warehouses, revenues and gross margin by 2030 and beyond.

In 2021, we performed Phase 2, a deep dive to understand the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe) to climate-related risks and opportunities.

Our scenario analysis modeled the potential financial impact on these brands in the year 2030 under 2°C and 4°C trajectories, assuming that our business activities at the selected brands remained as they are today; so, without considering any actions that Ahold Delhaize might take to mitigate or adapt to the adverse impacts or to introduce new products that might offer new sources of revenue as consumers adjust to the new circumstances. The modeled risks under the 2°C and 4°C scenarios are mutually exclusive; we have not assessed a situation where physical and transition risks occur in parallel.

Our scenarios are based on those developed by the Intergovernmental Panel on Climate Change (IPCC).



Environmental, social and governance IN FOCUS: CLIMATE CHANGE

SCOPE OF PHASE 2 SCENARIO ANALYSIS

We have leveraged our current risk management process and used a scenario analysis to assess climate-related risks. This detailed analysis focused on two brands, on six primary risks derived from the 17 potential climate vulnerabilities identified in the initial global assessment and on fresh product categories. The six risks we believe have the greatest potential to impact our business were selected and focused on fresh product categories as the key business categories with the greatest potential climate-risk that can be directly influenced by Ahold Delhaize and the brands.

The 4°C scenario that we used in our Phase 2 deep dive focuses on a world where the climate policy is less ambitious and coordinated, leading to a systemic failure to address climate change. It assumes limited and fragmented policy or regulatory support for decarbonization and focuses on several significant physical climate risks:

1. Chronic climate change, leading to chronic and acute water stress and reduced agricultural productivity in some regions, raising prices of raw materials or reducing supply volumes
2. Increased frequency and severity of extreme weather events, disrupting our supply chain or causing damage to our assets. In this world, carbon prices remain low. We followed the latest scientific insights on the physical manifestations of climate change by 2030 and took yield projections into account.
3. Temperature increase and extreme weather events that reduce economic activity, GDP growth sales levels.

The 2°C scenario we used in the deep dive reflects a world that acts rapidly and in a coordinated manner to limit greenhouse gas emissions. This scenario focuses on transition risks associated with the changes needed by 2030 to cut emissions in line with the Paris Agreement, including:

1. Coordinated carbon pricing that leads to increases in costs for both manufacturing and raw material (e.g., dairy ingredients, metal used in packaging).
2. Low-carbon land management practices (e.g., Climate Smart Agriculture) implemented to comply with zero net deforestation requirements, that put pressure on agricultural production, raising the price of certain raw materials.
3. Changes in consumer behavior and consumption patterns, leading to potentially significant changes in demand for certain product categories.

We used the latest scientific insights to make assumptions about the physical ramifications of climate change by 2030 (including those taking into account this year's numerous weather incidents).

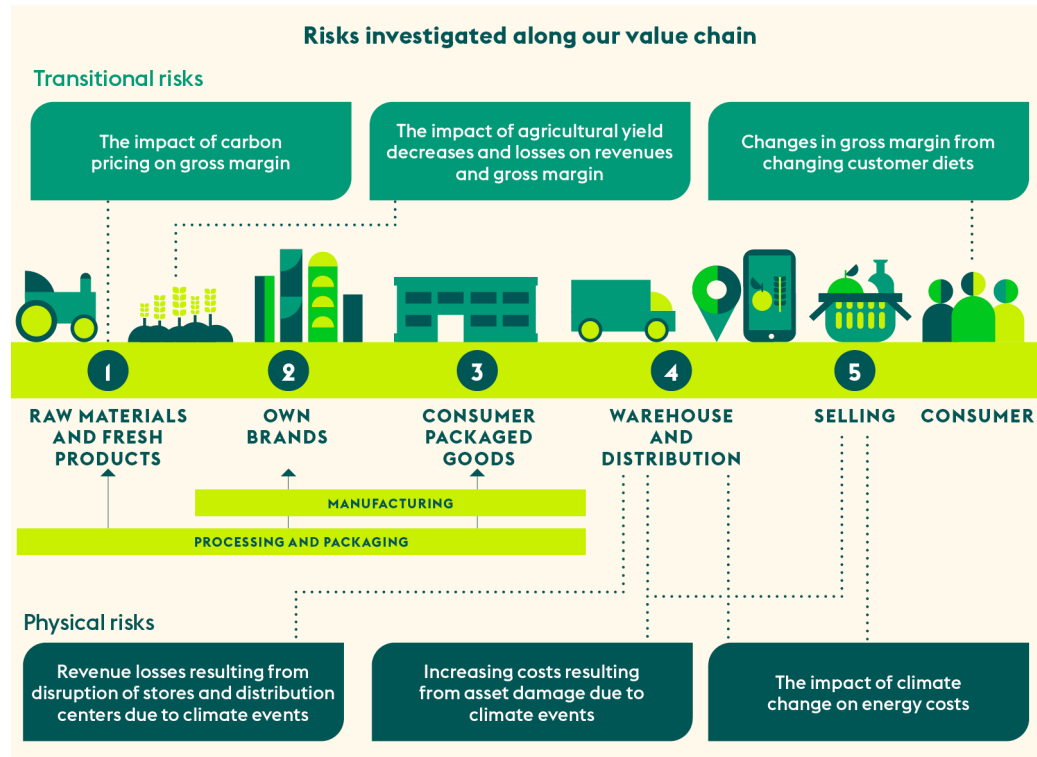
In our Phase 2 deep dive, we focused on fresh products (meat, fish, dairy, fruits and vegetables) as we have the ability to change the sourcing of these product groups. On a consolidated basis, net sales from fresh products represents 45% of total net sales. We engaged various business functions across the value chain in the selected brands, such as supply chain, procurement, asset management, insurance and finance, to develop the scenario.

Based on the 17 vulnerabilities identified in Phase 1, we selected the following six most significant risks for further analysis in our Phase 2 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	Physical risk
	Increasing extreme heat waves	
	Increase in temperature and droughts	
Revenue losses resulting from disruption of stores and distribution centers (operations) due to climate events	Sea level rise	Physical risk
	Increase in extreme weather	
	Increasing extreme heat waves	
	Increase in temperature and droughts	
Increasing costs resulting from asset damage due to climate events	Sea level rise	Physical risk
	Increase in extreme weather	
	Increasing extreme heat waves	
	Increase in temperature and droughts	
The impact of climate change on energy costs	Sea level rise	Transition risk
	Increase in temperature and droughts	
	Regulation/pricing on GHG emissions	
Changes in gross margin from changing customer diets	Shift in customer expectations	Transition risk

Environmental, social and governance IN FOCUS: CLIMATE CHANGE

These six most significant risks have impact on different areas of our supply chain, as illustrated in this graphic:



RESULTS

Our deep dive analysis indicated that, without action, both scenarios may have financial impact to Ahold Delhaize by 2030. Overall, the expectation is that transition risks will be more impactful in a 2°C scenario by 2030 due to carbon pricing and a rapid shift to sustainable agriculture. Customers are also expected to be more climate conscious and preferences will shift towards low-carbon products. In this scenario, the pricing of fresh products and overhead costs will increase due to carbon pricing. The impact on gross margin will largely be dependent on whether customers are willing to pay more for low-carbon products and the difference in the contribution to gross margin of low-carbon versus carbon-intensive products.

Physical risks in a 4°C scenario are expected to be more impactful, especially beyond 2030. Leading climate science indicates that changing weather conditions are likely to significantly increase yield volatility and yield losses, which will impact the availability and pricing of fresh produce.

The financial impacts are highly sensitive to the assumptions used for modeling. Potential financial impacts to the company also depend on assumptions around the percentage of potential costs from climate-related risks that can be passed on to customers versus being absorbed by the business. Calculations were made taking into account different assumptions to determine a range of financial impacts.

The impacts described are those arising from potential regulatory changes, such as a carbon tax on livestock emissions or carbon pricing policies. Given that the initial analysis showed that the other impacts are less material to Ahold Delhaize, are currently only quantified for two of our 19 brands, and have the potential for significant variation depending on the assumptions used, we have not separately quantified the impacts in this report.

The first iteration of our scenario modeling assumes the business remains static, including our operating model, current sourcing practices and sourcing volumes.

Environmental, social and governance IN FOCUS: CLIMATE CHANGE

Scenario: Potential impact of a 2°C temperature increase by 2100 on 2030 business (transition risk)

Scenario drivers	Potential impact in 2030 and underlying assumptions to impact (if no actions to mitigate risks are taken)
Increased cost due to carbon pricing	<p>Potential financial impact will be dependent on:</p> <ul style="list-style-type: none"> • The ability to pass on increased cost to customers • The contribution of carbon-intensive products to gross margin <p>These factors can differ per brand and country, depending on dietary preferences and price sensitivity.</p> <p>Product categories like dairy, which is considered carbon intense, are expected to be more impacted than fruit and vegetables.</p>
<p>Increased cost due to energy pricing</p> <p>The energy transition's economy of scale is not perceived by 2030</p> <p>(A move towards a low-carbon economy means there is a greater contribution of renewable energy in the energy mix. This requires investments and new transportation that increase electricity costs, while technical developments simultaneously reduce the levelized cost of electricity.)</p>	<p>We expect that the increase in temperature (and heating/cooling days) would not be drastically different by 2030 in a 2°C compared to a 4°C scenario, which means that the change in energy demand is similar in both scenarios.</p> <p>Energy prices are expected to be higher in a 2°C scenario, but the difference is not expected to be material in either scenario.</p> <p>In certain European countries, more cooling is required during hot summers, leading to an overall medium impact.</p> <p>Energy consumption is not expected to increase significantly for some of the U.S. brands because the increase in heating/cooling degree days is expected to be relatively minor. However, energy price is the main driver to the high risk, due to the number of stores and distribution centers, as well as a larger price increase compared to the European market.</p>
Revenue and profit impact due to changes in customer diets – a move from carbon-intensive (i.e., meat) products to low-carbon products (i.e., certain plant-based products).	<p>Customers will be more aware of climate issues in a 2°C than in a 4°C world. Purchasing behavior favors low-carbon products in a 2°C scenario.</p> <p>The carbon intensity of the product and its contribution to gross margin will be the main drivers of the impact.</p> <p>Dairy products are again expected to be the category with the highest impact but it will differ by brand, depending on product mix.</p>

Scenario: Potential impact of a 4°C temperature increase by 2100 on 2030 business (physical risk)

Scenario drivers	Potential impact in 2030 and underlying assumptions to impact (if no actions to mitigate risks are taken)
Revenue and gross margin loss due to agricultural yield and yield loss.	<p>Changing weather conditions are likely to significantly increase yield volatility and yield loss. The decline of key agricultural regions (due to agricultural droughts and temperature increase, for example) and the increased risk of extreme weather events are likely to negatively affect the production of fresh products. The differences between 2°C and 4°C by 2030 are still expected to be small.</p> <p>Products sourced from, for example, Southern Europe or California are expected to be impacted more. Alternative sourcing regions for products at higher risk need to be explored.</p>
Revenue losses resulting from the disruption of stores and distribution centers as well as the increasing costs resulting from asset damage due to climate events is not expected to be significant in either of the two scenarios.	<p>Certain brands are more exposed to hurricanes or flooding, leading to an overall higher risk. The impact is not yet expected to be material by 2030.</p>

Managing climate change risks and opportunities

The modeling scenarios presented above are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations. Climate change impacts are systemic and unpredictable. Scenario analysis requires us to pick specific factors and model them using fixed assumptions. The ultimate impact is also difficult to assess because it depends on whether we will be able to pass on cost price changes to customers, to what extent customers will change their shopping behavior and to what extent and how successful suppliers are adapting to climate change.

However, there are many wider potential impacts – including opportunities – that we cannot capture from one type of modeling. For instance, we considered the impact of extreme weather in our 2°C and 4°C scenarios, but we did not quantify this in detail due to how unpredictable extreme weather events are. For these reasons, we also look more broadly at possible physical and transition risks and opportunities to our business from climate change, applying the insights for the scenario analysis done at the two brands. In this section, we discuss the actions we are taking to mitigate these.

Environmental, social and governance IN FOCUS: CLIMATE CHANGE

TRANSITION RISKS

Reducing carbon emissions in our own operations

In November 2021, Ahold Delhaize announced its updated net-zero ambition for own operations; see [Environmental](#) for more detail, including actions identified to reduce carbon emissions in our brands' own operations.

In 2021, we started our journey to integrated emission reduction criteria into our investment model and will be updating the model as we gain more experience and insights. We believe this model will help us consider the impact our new investments will have on carbon emissions, layering an additional environmental discipline into our framework.

Ensuring energy-efficient equipment use and buildings

As part of our net-zero ambition, we have performed a review to identify where the energy efficiency of equipment (mainly refrigerators) and buildings can be improved and made additional cost estimates. As mentioned above, the investment models used are now taking into account carbon pricing. Investment proposals will be monitored against the net-zero ambition calculations.

Using and investing in renewable energy

In 2021, our brands in the Netherlands and Belgium were powered with 100% renewable energy, either through their own energy generation activities or through sourcing certified renewable energy from suppliers. The rest of the European brands are at different levels of renewable energy use but are all following the example set by the Benelux brands. Our U.S. brands started community solar projects that will enable the use of renewable energy in the coming years. As a result, 21% of the energy consumption from our brands is coming from renewable sources compared to 12% in 2020.

PHYSICAL RISKS

Working on product procurement and yield loss in sourcing areas

Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement, including:

- Our brands are working with producers and co-operatives that invest in greenhouse facilities that can support environmental conditions optimal for production. Hydroponic cultivation with cooling and heat systems are used more regularly for producing during the periods of higher risk (e.g., autumn droughts or extremely high or low temperatures in summer and winter).
- Our brands' vegetable producers invest in new hybrid varieties (e.g., tomatoes and cucumbers) and new varieties of leafy vegetables that can withstand extreme temperatures or diseases and, in some case, move their production areas to higher altitudes to avoid high temperatures. Our brands' fruit producers (e.g., growers of stone fruits, cherries and apples in northern Greece) use nets as a protection from hail.
- Our brands prioritize collaboration with vendors who invest in energy-efficient ways of growing produce, that have a lower impact on climate change, for example, greenhouses that use geothermal energy or energy from reusable sources and LED lights that use less energy.
- Our brands disperse the risk of availability problems, by collaborating with a large number of producers in different areas.

Protecting real estate from damage

Insurance: We procure property damage and business interruption (PDBI) insurance to protect our assets against natural catastrophes and weather-related events, such as earthquakes, windstorms and floods.

Risk engineering program: As part of our PDBI insurance, we run an extensive risk engineering program across our business to proactively implement risk improvements on existing assets and future projects, ensuring long-term resilience against physical risks.

Modeling: We frequently model natural catastrophe scenarios across our geographical footprint to analyze and examine the financial impacts on our assets and make informed decisions on insurance and risk transfer needs.

OPPORTUNITIES

Greater ability to attract young talent

Young people are proving to be more sustainability-minded and have a strong desire to work for a purpose-driven company, particularly one that is taking responsibility for its impacts and acting to mitigate climate change.

Enhanced reputation with stakeholders

Managing our approach to climate change and living up to our ambitions as a responsible business will enhance our brands' reputation with customers and other key stakeholders. Investors are increasingly interested in investing in companies that are not only focused on financial performance but have a strong commitment to making measurable strides on ESG performance, including minimizing their impacts on the environment.

METRICS AND TARGETS

In recognition of the urgency of climate change and in support of Sustainable Development Goal 13, Ahold Delhaize adopted science-based climate targets in 2020, approved by the SBTi, as follows:

- We will reduce absolute emissions from our own operations (scope 1 and 2) by 50% between 2018-2030.
- We will reduce absolute emissions from our value chain (scope 3) by 15% between 2018-2030.

Following the updated net-zero ambition announcement in November 2021, Ahold Delhaize and the local brands committed to:

- Reach net-zero carbon emissions across all operations by 2040 (scope 1 and 2)
- Become net-zero businesses across the brands' entire supply chains, products and services no later than 2050 (scope 3).

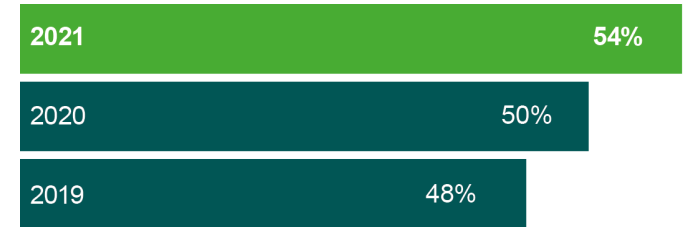
See [ESG statements](#) for more information on metrics currently measured and reported on.

We have not yet implemented additional metrics to measure the possible impact of the risks identified in the detailed assessments we performed in 2021.



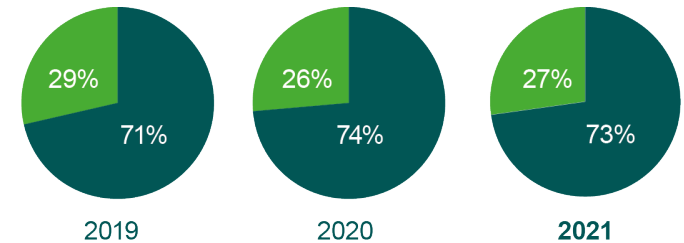
ENVIRONMENTAL SOCIAL GOVERNANCE

Percentage of healthy own-brand food sales of total own-brand food sales¹



¹ Healthy sales percentage for 2021 is impacted by the transition to the Nutri-Score methodology instead of Choices in our European brands. See ESG statements for more information.

Percentage of own-brand last stages of production in high-risk countries audited on social compliance



- Percentage of own-brand last stages of production in high-risk countries audited on social compliance
- Percentage of own-brand last stages of production in high-risk countries not audited on social compliance

Workplace injury absenteeism rate
Number of injuries that result in lost days per 100 full-time equivalents



Environmental, social and governance

SOCIAL

In addition to building a healthier planet, we focus on healthier people as part of our Grounded in Goodness strategy. Our commitment to healthier people begins with empowering customers and associates to make better choices when shopping with us, in stores and online. We also support resilient communities, everywhere the brands operate. And finally, we work with farmers and suppliers to ensure that they demonstrate a high standard of business ethics and regard for human rights, and that our products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions. Our social impact goes beyond our Grounded in Goodness strategy and includes topics such as health and well-being; fair labor practices in the supply chain; associate safety, health and well-being; and customer health and safety. We take responsibility for driving positive impact, for example by helping customers and associates make healthy and sustainable choices, by keeping people safe and well during a pandemic and by safeguarding human rights in our brands' own operations and across supply chains.

For our performance on these social topics, see [ESG statements](#).

HEALTHY PRODUCTS

Developments in 2021

We see a continuing shift in all our markets towards health and well-being. Consumers want to eat healthier – and are looking to retailers to help them access products that are both healthy and affordable.

Our impact

Healthy food leads to healthy communities by reducing the risk of chronic diseases and contributing to a community's overall resilience and vitality. Customers look to our brands for fresh, healthy inspiration to help them put delicious, nutritious family meals on the table every day. Our brands work to help make customers and associates more aware of what they eat and how it impacts their health. They offer affordable nutritious product choices and other information and support to make healthier eating easier and more appealing.

Our approach and progress

We aim to make healthier eating commonplace. By making fresh, nutritious and delicious food available and affordable for everyone, we contribute to healthier communities. Our strong local brands and their broad ranges of products offer fresh inspiration every day. With an assortment that includes affordable nutritious choices, and with recipes, support services and transparent labelling, our brands are making healthier eating easier. With engaging activities, we are making healthier food appealing and fun. We strive to provide healthier choices and guidance to our customers while at the same time offering the wide range of products consumers demand.

For example, through its Super Plus program, our Delhaize brand in Belgium integrated healthier choices into its customer loyalty program. Super Plus gives customers additional discounts for products that receive a healthy score in the nutritional navigation system, Nutri-Score. More than two million customers have already signed up for the program.

This year, Mega Image continued encouraging a healthy lifestyle among the younger generations by kicking off the third edition of its "I Eat Properly, I'm Mega Healthy" program. Developed in collaboration

with doctors and nutritionists, the program provides children with interactive education sessions to help them better understand what a healthy plate should include and how a balanced diet contributes to a healthy lifestyle.

In Greece, Alfa Beta launched a new service, "Your personal dietician is here for you," as part of their Health & Wellness Hub. It provides personalized online meal plans based on the Mediterranean diet with special tips for functional needs. Customers can purchase the products for their meal plans with one click through the AB Eshop and are rewarded for their healthy choices with AB Plus coupons.

Hannaford is making nutritional education more entertaining for children with a microsite full of games, tips and adventures that help show children that healthy food is fun.

How we measure performance

- Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.

FAIR LABOR PRACTICES IN THE SUPPLY CHAIN

Developments in 2021

The COVID-19 pandemic exposed the fault lines in the world's supply chains and shone a spotlight on the urgent challenge of making them more resilient. At the same time, labor shortages gave employees a stronger voice and more leverage in the workplace.

Our impact

As a global retailer, we can have an important influence on how business takes place across the supply chain. The strong, long-term relationships our brands build with suppliers help us to gain visibility into all areas of the supply chain and use our influence to ensure that the companies we deal with operate in a fair and ethical way.

Our approach and progress

We strive to ensure that all suppliers demonstrate a high standard of business ethics and regard for human rights, and that products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions. Our expectations are outlined in the Standards of Engagement that are part of every buying agreement. You can find our [Standards of Engagement](#) on our website.

Our brands work together with industry organizations to drive food safety and social and environmental sustainability. In addition, we take an active role in various industry committees and working groups, including those of the amfori Business Social Compliance Initiative (BSCI) and the Sustainable Supply Chain Initiative, to address human rights issues in collaboration with the business community and other relevant stakeholders.

See also [In focus: Ethics and human rights](#).

How we measure performance

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

Environmental, social and governance

SOCIAL

ASSOCIATE HEALTH, SAFETY AND WELL-BEING

Developments in 2021

The pandemic has increased the focus on associate health and well-being – not only physical but also mental health, which has been severely affected by the circumstances of the past two years. Retailers everywhere have continued to invest in safety measures to keep both associates and customers healthy and well.

Our impact

At Ahold Delhaize, over 413,000 associates look to our brands and businesses to provide a safe place to work and contribute to their health and well-being. As a company of local brands that are close to communities, we have a keen understanding of the specific needs of people in all our markets and how best to support them. See also the *Cultivate best talent* growth driver for more information.

Our approach and progress

Safety programs at all our brands address regulations and initiatives that contribute to physical safety and mental health at work. Our brands integrate safe working practices right into the designs, equipment purchases and operations practices of stores, offices and distribution centers. Our brands improve safety not only through visible leadership, but by engaging associates to play their parts, keeping an eye out for dangerous situations or harassment.

Several of our brands launched a virtual safety training for associates in their distribution centers in 2021. From keeping a 20-foot distance to making pre-trip inspections, the Active Safety VR provides a well-rounded training on warehouse safety rules. This virtual training enables associates to safely address hazardous situations that need to be avoided in real life. It was created with input from real subject matter experts, making the training extremely realistic and a great add-on for onboarding new hires.

In addition, our brands have long had a strong strategic focus on the health and well-being of associates, their families and communities, which they show by providing benefits in line with a focus on healthy life, work-life balance and financial security, in the spirit of our value, care. Our brands also have programs in place to inspire associates to make healthier lifestyle choices.

For example, in the Czech Republic, Albert continued its “Prevention with Albert” program for the third year in a row by providing associates with products that support immunity and informative webinars about physical and inner health.

How we measure performance

- Number of injuries that result in lost days per 100 FTEs.

Environmental, social and governance IN FOCUS: ETHICS AND HUMAN RIGHTS

ETHICS

To say that these last two years presented new challenges would be an understatement; never before have we encountered a global challenge on the scale of COVID-19. In times like these, our core values and ethical principles become more important than ever.

Ahold Delhaize and its brands share a strong tradition of integrity; it has helped us stay committed to always doing what is right. Over the past year, our values have continued to guide us as we faced new challenges. If a global pandemic taught us anything, it is that we – each of us individually and all of us together – can create good. We can be a source of hope and stability for our fellow associates and the communities our brands serve. We may not always have the power to fix everything, but we can fix a lot. Just as we have built on our legacy of integrity, we can create a legacy of impact for those who follow us. Whatever the issue – recognizing the dignity of every individual, lifting up the marginalized, protecting the natural world around us – we can make a difference.

Acting with integrity is about more than just protecting our reputation or avoiding legal issues. It is about creating a place where we all support, respect and inspire each other and the world around us. Acting with integrity is what we do and defines who we are. With brands and businesses that span the globe, we are committed to acting ethically and responsibly in every country and community where our brands operate.

Our ethical principles

At Ahold Delhaize, our Ethical Principles are the foundation of our commitment to conduct our business the right way, every day



Since our Code of Ethics was launched in 2017, it has provided guidance to associates on how to comply with relevant legal and regulatory obligations and make ethical choices as it relates to our business. In 2021, we updated our Code of Ethics by clarifying and simplifying the text and amplifying evolving topics such as Human Rights and Data Privacy. Applying our values and ethical principles enables associates to make good choices and protect our relationships with colleagues, customers and the communities our brands serve. The Code of Ethics also provides guidance on when and where to ask for advice or report a compliance or ethics breach, including by means of whistleblower lines available to associates in each of our locations. All associates at the level of manager and up are assigned to complete the annual Code of Ethics training.

The principles in the Code apply to all associates of Ahold Delhaize and its businesses. Associates of certain defined grade levels are trained in compliance with the Code on an annual basis. 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 policy and control framework that addresses and monitors key risks to our business. These policies and controls relate to internal processes (e.g., financial reporting, capital investments, purchasing and tax) as well as to legal and regulatory risks (e.g., data privacy, competition and antitrust, and corruption and bribery).

SPEAK UP LINE

Ahold Delhaize and its brands provide reporting options for associates, including the Speak Up line, a global reporting line that is monitored by third-party provider NAVEX. In 2021, our whistleblower lines received 5,724 reports (2020: 6,994), over 89.6% of which were related to routine HR issues. After human resource-related issues, the five most frequently reported issues were workplace safety (3.4%), public/food safety (2.0%), employee theft/dishonesty (1.7%), violation of a law (1.3%), and substance abuse (1.1%). All of these reports were routed to the appropriate brand or function for follow up and investigation.

The Speak Up line is available to report potential misconduct or seek guidance on ethical issues, and is accessible either by telephone or internet, 24 hours per day, seven days per week. All reports are forwarded to the appropriate internal resource for review and prompt response or investigation. And every report is treated confidentially, so callers can feel comfortable providing useful information without fear of retaliation.

Approximately 27.6% (2020: 41.2%) of the reports were made anonymously in 2021. On average, reports were investigated and resolved within 18 days. Approximately 34.7% of investigated reports were substantiated. In 2021, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations.

Additionally, the Ahold Delhaize Compliance and Ethics team maintains and monitors an email box (ethics@aholddelhaize.com) that can be used to report potential ethical or compliance concerns and to seek guidance regarding ethical dilemmas.

Environmental, social and governance IN FOCUS: ETHICS AND HUMAN RIGHTS

SUPPLY CHAIN GRIEVANCE MECHANISM

We expanded the use of our Speak Up line to include reporting for third parties and workers within our supply chain. We wanted to create a way for issues to be reported directly to us so that we can proactively address them rather than reactively respond to them. As a global retailer, our supply chains span the globe, with many of our products originating in geographies far removed from our operating footprint.

The global availability of our Speak Up line provides workers the opportunity to raise issues, wherever they may occur. We continue to promote this availability on our external website and communications as well as within the supply chain.

NO RETALIATION

Associates of Ahold Delhaize businesses are encouraged to raise concerns about inappropriate behavior or possible violations of law or policy. Ahold Delhaize businesses will not retaliate or allow retaliation against anyone who, in good faith, reports a potential violation of the law, our Code of Ethics or any other company policy. Any form of retaliation is a serious violation of our Code of Ethics and may result in disciplinary action, up to and including termination of employment.

DATA PRIVACY

Customers, associates and business partners entrust our businesses with their personal data and it is of paramount importance that we safeguard this information at all times. At Ahold Delhaize and the brands, we always strive to use customer data to benefit customers, whether it is checking their home address for grocery deliveries, accessing their shopping history to receive personalized benefits or confirming account details for online orders.

Our key principles

Ahold Delhaize and its brands have established five principles that guide how personal data is managed:

1. We are committed to protecting the personal data of customers, associates, business partners and service providers.
2. We maintain personal data for legitimate business purposes only and are transparent about when and how personal data is collected, used or shared.
3. We provide customers with reasonable notice and control over their data.
4. We strive to use customer data to benefit customers.
5. We are committed to complying with legal and regulatory obligations everywhere we do business.

Ahold Delhaize and each of the brands have a privacy notice for customers and associates, in line with local legal obligations. Each brand's privacy notice for customers is available on its website.

CORRUPTION AND BRIBERY

Ahold Delhaize and the 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 specifically 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. Based on our monitoring systems (e.g. Speak Up Line), there were no known incidences of bribery or corruption during the year.

HUMAN RIGHTS

Our business depends on people and we are committed to providing an environment where everyone is respected. That is why our commitment to human rights is integrated in the first Ethical Principle in our Code of Ethics: We respect each other.

Our support for human rights extends beyond our own operations and includes our supply chains and the communities in which we operate. We recognize that as a global retailer, we can impact issues important to people in our local communities and our global supply chains.



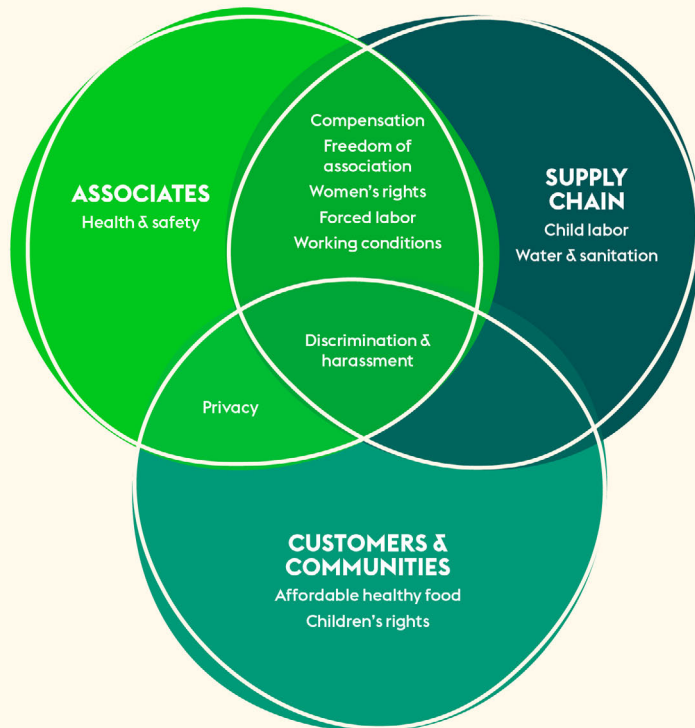
Environmental, social and governance IN FOCUS: ETHICS AND HUMAN RIGHTS

Progress on our roadmap on human rights

In 2020, we published our first Human Rights Report that described our approach to human rights, including a commitment to conduct a Human Rights due diligence process. In that process, we identified six global human rights issues that are priorities for our businesses, based on their potential negative impact on people. We also reviewed our policies and processes on human rights and identified areas for improvement along with concrete next steps in the Roadmap on Human Rights.

We made significant progress on taking this forward in 2021. One of the key next steps was to translate the global Ahold Delhaize Roadmap to the brands. Since the publication of our Human Rights Report, we developed a methodology that helps each brand explore how they impact associates, customers, communities and people in their supply chains, while engaging a broad range of internal (and sometimes external) stakeholders across functions and roles. Because of the continued impact of COVID-19, we adapted the methodology to a digital environment and the implementation is ongoing.

Salient issues



In the meantime, we also made progress on the salient issues. Throughout this Annual Report, you can find out more about our approach to health, safety and well-being in *Cultivate best talent*; diversity, inclusion and gender pay parity in *In focus: Diversity and inclusion*; freedom of association in *Governance*; health in *Elevate healthy and sustainable* and *Social*; privacy in this section; and fair labor practices in the supply chain in *Social*.

Engagement and reporting

Developments in 2021 vividly illustrated the impact that our brands' operations can have – both positive and negative – on people, through their approach to challenges such as access to healthy food, social justice and climate change. To better engage leadership across Ahold Delhaize and its brands, in the first quarter of 2021, we introduced the Human Rights Quarterly. This is an internal publication that engages global and brand leadership and a broader community of functional and brand experts on human rights topics and provides regular internal updates on the Roadmap. Most importantly, it brings to life how every associate can positively impact human rights in their everyday work.

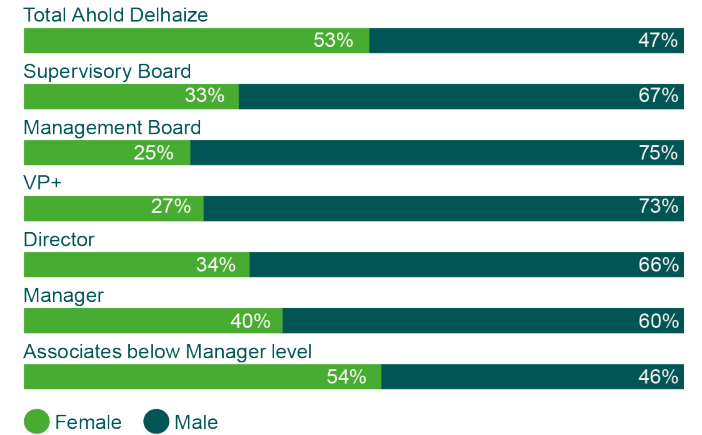
In our previous Human Rights Report, we also committed to reporting publicly and transparently on our human rights commitments towards external stakeholders in our Annual Report, and eventually in a follow-up report that would outline progress on our Roadmap.

In 2022, we will publish our next Human Rights Report to provide a more detailed update on our progress on the Roadmap on Human Rights. In it, we will also address each of our salient issues and provide other relevant updates on how we address our human rights impacts. Until then, we will continue to engage with relevant stakeholders, including associates, customers, investors and the broader communities, both locally and in our supply chains.



ENVIRONMENTAL SOCIAL GOVERNANCE

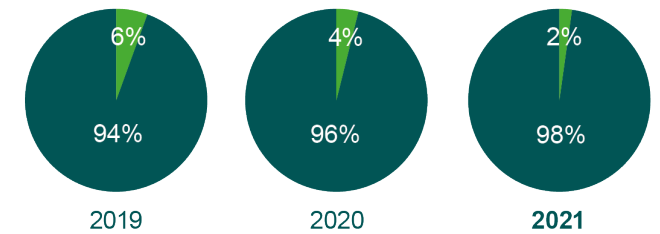
Gender balance 2021



Associate engagement score



Percentage of production sites of own-brand food products that are GFSI-certified or comply with an acceptable level of assurance standard



- % of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard
- % of production sites of own-brand food products that are not certified

Environmental, social and governance

GOVERNANCE

As in every other area of our business, having the right governance in place to ensure we take a structured and effective approach to our ESG ambitions is critical to our success. See also [ESG Statements introduction](#) for how we manage ESG performance as well as the governance section in the [In focus: Climate change](#) section.

For the performance on these governance topics, see [ESG statements](#).

DIVERSITY AND INCLUSION

We have bold aspirations to become a more diverse and inclusive company, across all our brands and businesses. To learn more about our developments, impact, approach and performance on D&I, see [In focus: Diversity and inclusion](#).

PRODUCT SAFETY AND QUALITY

Developments in 2021

Because of the pandemic, inspections and audits of our stores and production locations could not always take place. Where the risk level allowed for it, we relied on remote audits, making use of visualization equipment.

See [Principal risk](#) “Product safety” for more information.

Our impact

Through our policies, control framework and standard operating procedures, we ensure that the products our brands sell are safe to consume.

Our approach and progress

By 2050, the world’s population is expected to grow to almost ten billion people. How can we feed them all with safe and nutritious food without depleting our natural resources? This challenge must be addressed at all stages of the supply chain.

We take responsibility for maintaining the highest levels of safety for our products, while also improving their environmental and social footprints. Our focus is on our own-brand products. We work to ensure they are safe, produced in clean, efficient facilities with good working conditions, made from sustainably sourced commodities, and clearly and accurately labelled. To drive global food safety and social and environmental sustainability, we take an active role in various standards committees and working groups.

We have clear policies and procedures in place to make sure product safety and quality is guaranteed when products are in our brands’ distribution centers and stores. Before products enter our brands’ facilities, temperature and expiration dates are verified and daily quality checks are done in both distribution centers and stores. We also provide training to our brands’ associates on a regular basis.

We support the CGF’s Global Food Safety Initiative (GFSI) standards to advance the safety of food products. As an active member of organizations such as RSPO, RTRS, GSSI and GlobalGAP, we help develop and maintain the highest standards for sustainable production of commodities including tea, coffee, cocoa, palm oil, soy, seafood and wood fibers.

More information on the product safety standards we adhere to can be found on our website at www.aholddelhaize.com

How we measure performance

- Percentage of production sites of own-brand food products that are GFSI-certified or comply with an acceptable level of assurance standard.
- Percentage of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where every lot was tested.

AVAILABLE AND AFFORDABLE PRODUCTS

Developments in 2021

The continuing economic impact of the pandemic in 2021 had a disproportionate effect on the most vulnerable members of society, increasing the gap between rich and poor. Inflation in many of our brands’ markets raised prices and strained consumers’ budgets. At the same time, COVID-19-related supply chain turmoil has made it challenging for retailers to ensure product availability.

Our impact

As a global family of local brands, our strong, long-term relationships with suppliers help us to keep our shelves stocked so consumers can get the products they need, even in challenging times. Our Save for Our Customers initiatives enable us to operate efficiently, so we can keep costs down and prices competitive. Our brands’ own-brand ranges are an important tool in helping offer customers unique and high-quality products at a good value.

Our approach and progress

Part of our purpose is to help customers live better. One way the brands do this is by supporting them in making healthier and more sustainable choices for themselves and the environment. With an assortment that includes affordable nutritious choices, the brands are making healthier eating easier.

More information on how we ensure available and affordable products is in the [Growth driver – Strengthen operational excellence](#) section.

How we measure performance

- Delivery on our Save for Our Customers program.

For more information, see also [Strengthen operational excellence](#).

Environmental, social and governance

TAX TRANSPARENCY AND RESPONSIBILITY

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

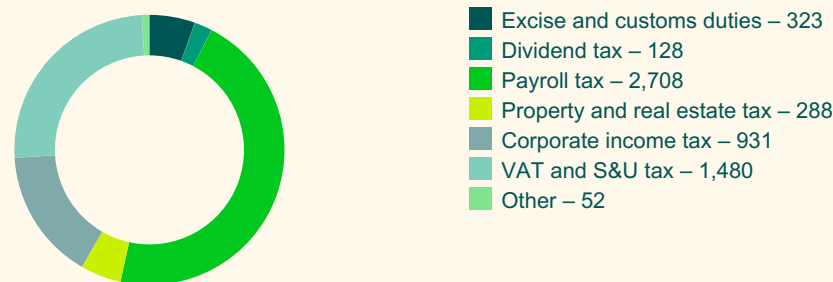
Our tax policy consists of five main tax principles: transparency, accounting and governance, compliance, relationships with authorities and business structure. Our tax principles are aligned with the Responsible Tax Principles, which were developed by a group of leading companies, along with involvement from civil society, investors and representatives from international institutions. The principles are known as the B Team Responsible Tax Principles. In 2017, the B Team brought together the heads of tax from nine multinationals. They developed a new framework for approaching tax with a set of Responsible Tax Principles. The Principles raise the bar on how business approaches tax and transparency and help forge a new consensus around what responsible tax practice looks like.

TRANSPARENCY

We are proud of the fact that by paying our share of taxes in the countries where we operate, we contribute to economic and social development in these countries. Also, with our total tax contribution, we support the UN Sustainable Development Goals.

In 2021, Ahold Delhaize collected and paid many types of taxes: payroll tax, corporate income tax, net-value-added tax (VAT), sales and use tax (S&U), property tax and real estate tax, dividend tax, excise and customs duties and others (e.g., packaging tax).

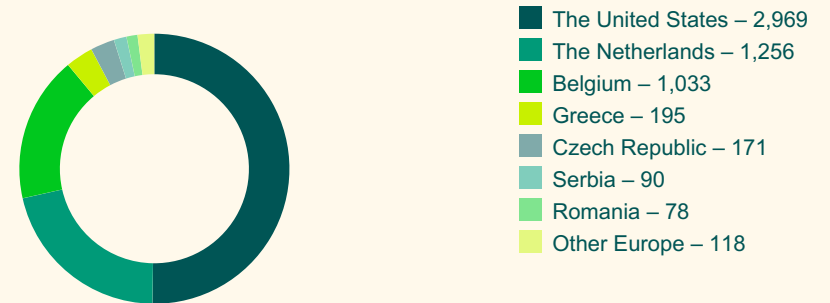
Ahold Delhaize 2021 total tax contribution by type €5.9 billion
(€ million)



For more details on our corporate income tax financial position see [Note 10](#) to the consolidated financial statements.

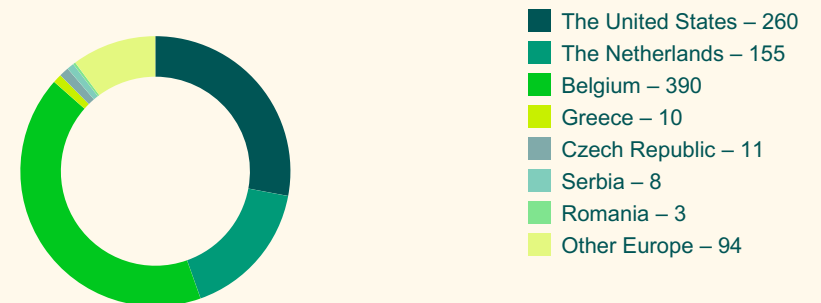
The total tax contribution and corporate income tax payments reported per country are summarized below.

Ahold Delhaize 2021 total tax contribution by country €5.9 billion
(€ million)



Note that €2.2 billion of the total tax contribution in 2021 is taxes borne.

Ahold Delhaize 2021 corporate tax payments by country €931 million
(€ million)



In 2021, tax payments in Belgium were impacted by a payment to the Belgian tax authorities for an adjustment notice relating to the tax return over 2018. Ahold Delhaize decided that the basis to issue an additional assessment of approximately €380 million is without any merit and, as such, the Company recorded a receivable for the full paid amount. For more information, see [Taxes](#) in [Note 34](#).

Our effective income tax rate (ETR) over 2021 was 21.1%. This is our worldwide income tax expense for the financial year 2021, amounting to €591 million, shown as a percentage of the consolidated income before income taxes.

Environmental, social and governance

TAX TRANSPARENCY AND RESPONSIBILITY

ACCOUNTING AND GOVERNANCE

Ahold Delhaize has a well-equipped and professional Tax function. This function 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 *How we manage risk*.

To assess and control tax risks, we have a Tax Control Framework in place. Tax controls resulting from risk assessment exercises are defined, implemented and tested by 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, selected taxes and/or jurisdictions are audited. This results in an audit report rating the design and operating effectiveness of the tax controls.

Each quarter, our brands approve a letter of representation, which includes 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 in the form of tax risk workshops.

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 and have drafted a global tax technology strategy and roadmap based on five pillars: insights, data driven, automation, risk management and future proof. We finalized and have various initiatives underway within our direct (e.g., Country by Country Reporting automation, DAC6 and dashboard) as well as indirect (e.g., VAT solution and tax engine) tax disciplines to optimize and upgrade our tax processes. We closely align with broader finance implementations and the IT function assists us with our tax technology projects. The Ahold Delhaize-wide implementation of a new core finance system is an important enabler of our tax technology roadmap.

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 spirit as well as the letter 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 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 concluded a covenant (horizontal monitoring) with the Dutch tax authorities in 2005. In 2021, this is converted into an individual monitoring plan. In Belgium, we have participated in the Co-operative Tax Compliance Program (CTCP) pilot project since 2020.

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.

BUSINESS STRUCTURE

We have a physical presence in all jurisdictions and we follow internationally accepted norms and standards (Organisation for Economic Co-operation and Development/Action Plan on Base Erosion and Profit Shifting/European Union). 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 list of non-cooperative jurisdictions for tax purposes (the EU “blacklist”) updated by the Council of the European Union on October 5, 2021, or jurisdictions listed on the Netherlands’ blacklist published in the Government Gazette on December 31, 2021 (low-tax jurisdictions).
- 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 have businesses 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.

Environmental, social and governance

IN FOCUS: DIVERSITY AND INCLUSION

Our ambition & aspiration



OUR AMBITION

At Ahold Delhaize, we reflect the markets we serve

Our voices are heard and valued

We find purpose in our work

We have equitable access to opportunities

We can grow and contribute to our fullest



OUR ASPIRATION

WORKFORCE

100% Gender balanced

A workforce that is 50/50 gender balanced at all levels

WORKFORCE

100% Reflective of our markets

A workforce that is 100% reflective of the markets our brands serve

WORKPLACE

100% Inclusive

A workplace that is 100% inclusive – where all voices are heard

MARKETPLACE

BUSINESS GROWTH

WHY D&I MATTERS

At Ahold Delhaize, we play a significant role in society. With a diverse group of stakeholders, including 55 million customers in stores and over 413,000 associates, we have a responsibility to set the right example on diversity and inclusion – and the potential to make a big impact. Each brand is committed to continually raising the bar on its aspirations in this area, to foster the growth of its business and people.

We know that diversity drives innovation and creates business growth. It is fundamental to every part of our Leading Together strategy. It helps our brands serve customers better, support communities and create a great place to work for associates. It is an important part of how we live our values. We also understand that the full value of diversity cannot be experienced without fostering equity and inclusion.

Our diversity and inclusion vision is to build brands and businesses where associates reflect the markets they serve, their voices are heard and valued, and they find purpose in their work, have equitable access to opportunities and can contribute and grow to their fullest. We want every associate to thrive, and every customer to feel a sense of belonging and community in our brands' stores.

OUR APPROACH TO D&I

In 2020, we established a bold aspiration for diversity and inclusion across Ahold Delhaize and all of the brands and businesses. We aspire to achieve 100% gender balance at all levels, to be 100% reflective of the markets we serve (as defined by each local brand), and to strive for 100% inclusion, every day.

We define diversity broadly, seeing it as inclusive of thoughts and skills, generational differences, LGBTQ+, gender, race and ethnicity, disabilities, nationalities and more, and we accept all people for who they are.

OUR DIVERSITY AND INCLUSION STRATEGY

To support our leaders in bringing this aspiration to life, we have developed a comprehensive diversity and inclusion strategic framework. The strategy consists of three pillars: workforce, workplace, and marketplace. Within each pillar, we have established priority focus areas.

Workforce

When we say “workforce,” we mean people: every person who works for Ahold Delhaize, whether it is in one of our local brands, the GSO or our leadership teams. We have two areas of focus:

BALANCED SLATES

We are committed to hiring from diverse slates of candidates and have implemented a policy requiring 50/50 diverse candidate and succession slates for all roles at the Director and above level.

LEADERSHIP ACCOUNTABILITY

Every leader plays a critical role in advancing our diversity and inclusion efforts by being active, visible advocates and allies. They help by allowing associates to be vulnerable; encouraging them to express and explore what they don't know, understand, or agree with; making sure team members lift each other up, especially when a perspective, identity or view is under-represented; and enabling every associate to grow, both individually and together.

Environmental, social and governance IN FOCUS: DIVERSITY AND INCLUSION

Strategic focus areas



Workplace

An inclusive workplace, where associates feel that they belong, is what makes people stay, and makes them happy to return to work each day. We believe that inclusion should be woven into the fabric of our culture – and this guides how we behave and treat each other and our customers. We believe in fostering a culture built on our shared values of courage, care, teamwork, integrity and humor, where everyone feels respected and a part of Ahold Delhaize.

INCLUSIVE LEADERSHIP

We believe that being equitable and inclusive drives business results and guides how we lead, act and treat each other and customers. This is why a large number of our brands conducted over 300 inclusive leadership training sessions in 2021, with more than 5,000 participants. This training provides current and future leaders the opportunity to learn, practice and apply the skills needed to lead more inclusively.

We value everyone for being who they are and bringing their true selves to work every day so we can best serve customers and enable people to eat well, save time and live better. We are seeing great initiatives taking place at the Ahold Delhaize brands and businesses to foster this behavior. For example, Retail Business Services in the U.S. introduced a new Diversity, Equity and Inclusion Council. ADUSA Supply Chain launched a diversity strategy called "Thrive" in October and Hannaford has expanded its commitment to diversity by enabling associates to include their chosen pronouns on their name tags. Albert introduced its D&I agenda to its top 50 leaders through a session leveraging hired actors who role played as students, acting out behaviors of introversion, extroversion, and diversity biases tied to the workplace. At the end of the exercise, leaders were asked to hire these "students" for particular roles, creating a discussion around potential outcomes. Bol.com further integrated diversity and inclusion through its onboarding and leadership programs, trainings on intercultural awareness and unconscious bias, an inclusion toolkit, and its internal communication strategy.

PAY EQUITY

Ensuring pay equity is an important mission for us, in line with our diversity and inclusion aspirations.

Pay equity principles

Ahold Delhaize published its inaugural Human Rights Report in June 2020. An integral part of this report is an outline of the compensation commitments by Ahold Delhaize and each of the brands. We know that the broader offer we make as employers, such as health benefits, working conditions and the diversity and inclusiveness of the workforce, are of critical importance to associates' appreciation of their overall working experience. Ahold Delhaize and each of its brands have adopted the following six overarching principles to guide fair compensation:

1. A solid base for comparing roles
2. Market-based compensation
3. Compensation in compliance with the law
4. Equal pay for equal work
5. Compensation aligned with individual performance and brand business strategy
6. Compensation that is transparent, consistent and explainable for the individual associate

Within our brands and businesses, we consider these principles the basis for fairness in resolving disputes, or "procedural justice." The majority of associates in our brands fall under collective labor agreements (CLAs). For associates outside of the CLAs, each of our brands has adopted an independent job evaluation methodology (Korn Ferry Hay), and has policies and frameworks in place for determining job levels and titles, pay grades and bands, performance evaluation and salary increases.

These frameworks are strictly governed within Ahold Delhaize and each of its brands, and personnel changes are subject to designated approvals. The job evaluation, appointment, promotion, position changes and termination of employment of top management positions (SVP+) at any brand or business requires the prior approval of Ahold Delhaize's Chief Human Resources Officer. All other appointments, promotions, position changes and terminations of employment at the brands and businesses are governed by employment, human resources and labor policies developed and applied locally. These approvals are described in the Koninklijke Ahold Delhaize Bill of Authority (BOA) and/or local BOA.

Environmental, social and governance IN FOCUS: DIVERSITY AND INCLUSION

Pay equity studies

We realize that creating policies, frameworks and governance documents 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 our brands and businesses. To this end, each brand has implemented a methodology to measure pay equity within its workforce. At the end of 2021, the majority of Ahold Delhaize brands conducted (or were in the process of conducting) gender pay studies and/or equal pay analyses and put action plans in place to remediate any gaps that were identified. In total, 14 of our brands performed a gender pay-equity study, covering 286,000 associates.

The brands will continue to perform pay equity analyses in 2022 to identify areas of focus and ensure pay is equitable. They will also review differences in average pay between men and women in order to identify additional focus areas and we will publish a gender pay difference in our 2022 Annual Report.

Marketplace

D&I goes beyond providing a great place to work. It's also about building communities.

EXTERNAL PARTNERSHIPS

As part of our strong commitment to diversity and inclusion, we proudly support external diversity and inclusion organizations, both through global partnerships as well as local partnerships that are managed by the Ahold Delhaize brands and businesses. We also derive great value from the Business Resource Groups within our own company. See *Partnering across the industry* below for details.

COMMUNITY ENGAGEMENT

Ensuring that all of our associates understand our D&I aspiration and their role in creating an inclusive work environment is critical to advance in this space. In 2021, we committed to more transparency in communicating our D&I strategic priorities by sharing the progress we've made against our aspiration and the road forward.

Supporting racial equity

In 2021, the Ahold Delhaize USA brands made a \$5 million commitment to support racial equity and are working with associates and community partners to support education, advocacy and business development within the Black and African American community.

For example, in 2021, Stop & Shop presented \$50,000 to the University of New Haven in Connecticut to establish the "Stop & Shop Diversity in Nutrition & Dietetics Scholarship," which will provide financial assistance to students working to become nutritionists or registered dietitians. According to the Academy of Nutrition and Dietetics' Commission on Dietetic Registration, more than 71% of the 106,000 registered dietitians in the U.S. are non-Hispanic white – and only 3% are African American. Stop & Shop is partnering in this effort because it wants to recruit and retain students of color and to drive more diversity in this profession. The GIANT Company's Diversity and Inclusion team is finding new ways to connect families for a better future in the neighborhoods it calls home. The brand contributed \$100,000 to build a new basketball court, as part of racial equity efforts to provide community members with places to gather and play.

Supplier diversity

In 2021, we made great strides in engaging diverse-owned suppliers. For example, Peapod Digital Labs (PDL) launched an Accelerator program, designed to share knowledge from Ahold Delhaize USA's brands and businesses with their networks of certified, diverse-owned suppliers. A total of 11 companies participated this year in this program that promotes stronger partnerships with suppliers and creates a sustainable supplier diversity program for the future. PDL provided graduates of its first Accelerator with \$10,000 stipends to support further business development and growth. They awarded Harbar, a National Minority Supplier Development Council (NMSDC)-certified, Hispanic-owned business, an enhanced stipend of \$20,000 for being the participating supplier with the freshest perspective.

Retail Business Services offered scholarships to 20 National Minority Supplier Development Council (NMSDC)-certified, Black-owned suppliers to enroll in upcoming Tuck Diversity Business Programs, an executive education opportunity for entrepreneurs.

Performance toward our aspiration

We are committed to increasing the transparency with which we report our progress on diversity and inclusion. While we have advanced in many areas of our aspiration, we are passionate about making continued strides across all representation and culture metrics, including by developing our analytics. We created a new dashboard in 2021 that helps us better understand trends in our brands' workforces. Our next step will be to make better analytical predictions, to anticipate future developments on topics like succession, turnover and balanced slates, particularly in our key focus areas:

100% GENDER BALANCED

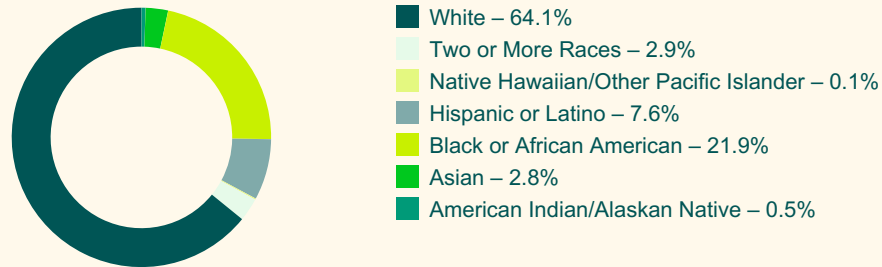
Our aspiration is to have a workforce that is 50/50 gender balanced at all levels. We have increased the proportion of women in management positions from 39% in 2020 to 40% in 2021, while our Director-level representation has remained the same. These are important feeder pools into our senior leadership positions, which we need to grow further. See table *Our D&I metrics*.

100% REFLECTIVE OF OUR MARKETS

Our aspiration is to have a workforce that is reflective of the markets we serve. In addition to tracking our progress on gender balance globally, we are also tracking progress on racial and ethnic diversity in the U.S. While we recognize we have room for improvement, we have increased representation in the U.S. leadership teams from 10% in 2020 to 17% in 2021. This includes an increase of 7%, from 12% to 19%, at Director level (see table: *Our D&I metrics*). Each U.S. brand determines its own aspiration for representation of racially/ethnically underrepresented groups based on the available local labor markets. The graph on the next page shows the proportion of racially/ethnically underrepresented groups within the U.S. brands. This is based on all associates regardless of job level.

Environmental, social and governance IN FOCUS: DIVERSITY AND INCLUSION

U.S. associates: racial and ethnic diversity



1 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

This year, we began focusing on additional dimensions of diversity by having each local brand choose one to two additional dimensions of diversity that are relevant to their local context. Examples include Albert's dedicated focus to generational diversity and Hannaford's focused efforts to support LGBTQ+ associates. We also implemented a reflective of local markets index, which measures associate perceptions related to our success in this area and found that 81% of associates feel they are part of a diverse team, that the company recruits from diverse talent pools, and that promotions are fair and balanced. See table *Our D&I metrics*.

100% INCLUSIVE

We measure the cultural aspects of inclusion through an inclusive workplace index that is part of our annual associate survey. This year, we received a score of 79% on this index, which measures respect, career opportunities, and feeling heard. See table *Our D&I metrics*.

Our D&I metrics

We measure progress based on data from the brands. The following table outlines performance towards our D&I aspirations.

	2021	2020
100% Gender balanced		
Female at VP+ level	27%	27%
Female at director level	34%	34%
Female at manager level	40%	39%
Female below manager level	54%	54%
Female: total Ahold Delhaize	53%	54%
100% Reflective of markets		
Racially/ethnically underrepresented at VP+ level (U.S.) ¹	17%	10%
Racially/ethnically underrepresented at director level (U.S.) ¹	19%	12%
Racially/ethnically underrepresented at manager level (U.S.) ¹	22%	15%
Racially/ethnically underrepresented below manager level (U.S.) ¹	37%	34%
Associate perception of diverse teams that represent market ²	81%	n/a
100% Inclusive		
Inclusive workplace index ²	79%	79%

1 Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce generally (Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races). Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own D&I strategy to reflect our D&I ambitions, and these figures represent an aggregation of the data of each brand.

2 Annual associate engagement survey results, see [Glossary](#) for definitions.

HOW WE SUPPORT D&I

Partnering across the industry

As part of our strong commitment to diversity and inclusion, we proudly support external diversity and inclusion organizations, both through global partnerships as well as local partnerships that are managed by the Ahold Delhaize brands and businesses.

Global partnerships

We work closely with the following global partners on issues around D&I. For example, we have worked for eight years with the LEAD Network (Leading Executives Advancing Diversity), which has a mission to attract, retain and advance women in the Consumer Goods and Retail sector in Europe through education, leadership and business development.

Environmental, social and governance IN FOCUS: DIVERSITY AND INCLUSION

Business Resource Groups

We derive great value from the Business Resource Groups (BRGs) within our own company. All the brands leverage BRGs to support associate needs and advance local D&I strategies – and they are growing in number. These groups connect people across the brands, offering activities and initiatives throughout the year that support inclusion and education around topics relevant to diverse associates.

In 2021, Hannaford's Retail BRG organized book talks and presentations on belonging at work. Its Hispanic BRG celebrated Hispanic Heritage month by marketing an associate's recipe and unique story to inspire customers. Giant Food developed its PRIDE BRG to build a community for LGBTQ+ people. Its Thrive: People of Color BRG educates associates on topics important to its members, for example, awareness around Ramadan (Muslim holy month). Retail Business Services assessed and relaunched their current BRGs to be even more relevant to associates, rolling out Chair and Sponsor training and holding a membership drive. The European brands launched local branches of Young Ahold Delhaize; the Delhaize Serbia branch already connects around 140 young associates from stores, distribution centers and the support office, offering events and activities to help them get to know each other, share knowledge and make work fun. Albert also launched Experienced Albert, to further support age diversity and make associates feel included.

EXTERNAL COMMITMENTS AND RECOGNITION

We are proud to show our support for D&I through external commitments and appreciate the external recognition our brands and businesses receive for the work we do.

LEAD Network CEO Pledge

Through the LEAD Network CEO Pledge, CEOs in Europe are committing to accelerate gender parity and drive inclusion within the retail and Consumer Packaged Goods industry. Ahold Delhaize was the original sponsor of the Pledge and our CEO Frans Muller the first signatory; since its inception, 42 CEOs of leading industry companies have signed. The pledge calls for leaders to commit to creating truly inclusive cultures; coaching, mentoring and sponsoring female and diverse employees; building fair and equitable recruiting strategies; reducing bias; and more.

Human Rights Campaign Foundation Corporate Equality Index

All Ahold Delhaize USA brands were recognized as Best Places to Work for LGBTQ+ Equality in 2021, receiving a perfect score for the second year on the Human Rights Campaign Foundation's Corporate Equality Index. This index is the U.S. benchmarking tool on corporate policies, practices and benefits pertinent to lesbian, gay, bisexual, transgender and queer associates.



Shelby Report Diversity award

Ahold Delhaize won the 2021 Shelby Publishing Diversity, Equity and Inclusion Award for our brands' continued work to advance and uphold diversity, equity and inclusion in the U.S. grocery industry by removing barriers and creating an environment where individuals can thrive as their authentic selves. The Shelby Report is a U.S. publication that delivers supermarket and grocery news and insights to the retail food trade nationwide.

The Association for Women in Communications (AWC)

Stop & Shop was awarded a Clarion for its efforts during the COVID-19 pandemic — in particular, its crisis communications response, which included communications around safety, driving awareness of designated shopping hours for those most vulnerable to COVID-19 and a partnership with Uber to provide discounted rides to customers shopping during these dedicated hours.

Leaders in Diversity

Ahold Delhaize Europe was recognized by the *Financial Times* as a Diversity Leader 2022. The Diversity Leaders were identified between April and August 2021 through an independent survey across 16 European countries.



LOCAL HEROES

GIVING DIVERSE ASSOCIATES A PATH TO GROWTH

Region Director Steve Harfield and Talent Acquisition Manager Kelsey Sloan had big dreams and much success in launching The GIANT Company's first "Diversity Cohort."

It is aimed at providing one-of-a-kind development, training, and mentorship opportunities for diverse team members.

First, they challenged store managers in Steve's region to identify one diverse associate with the potential to lead. Then they developed a four-month training program to help the associates achieve their aspirations while ensuring GIANT has diverse internal candidates to fill future leadership positions.

And it's having an impact, not just for the participants, who say they better understand their career opportunities after the program, but for the region, which has shown engagement scores that beat the brand average.

Now other GIANT region directors have been inspired to adopt the program, with similar success.



I finally see what others see in me. I was never sure if I wanted to move up or not, but now I know for certain I do."

Jonathan Houston, program participant and Meat Team Member









STRATEGIC REPORT

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Performance review

GROUP REVIEW

KEY FINANCIAL TARGETS	TARGET 2021	RESULTS IN 2021	TARGET 2022
 GROUP UNDERLYING OPERATING MARGIN	≥ 4.0%	4.4%	≥ 4.0%
 DILUTED UNDERLYING EPS GROWTH ¹	Mid- to high-single-digit % growth vs. 2019	28.8%	Mid- to low-single-digit % decline vs. 2021
 NET CAPITAL EXPENDITURES	~ €2.2 billion	€2.3 billion	~ €2.5 billion
 FREE CASH FLOW ²	~ €1.6 billion	€1.6 billion	~ €1.7 billion
 DIVIDEND PAYOUT RATIO ³	40-50% and year-over-year increase in dividend per share	42%	40-50% and year-over-year increase in dividend per share
 SHARE BUYBACK ³	€1 billion	€1 billion	€1 billion

¹ At current rates.





² Target excludes M&A.

³ Management remains committed to the share buyback and dividend program, but, given the uncertainty caused by COVID-19, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity. The dividend payout ratio for results in 2021 is calculated as a percentage of underlying income from continuing operations on a 52-week basis.

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

Performance review

GROUP REVIEW

		TARGET 2021	RESULTS IN 2021	TARGET 2022
DRIVE OMNICHANNEL GROWTH				
	Net consumer online sales growth / U.S. online sales growth ¹	≥ 30% / ≥ 60%	+41.5%/+73.7%	≥ 15%
	Stop & Shop store remodels	~ 60	55	~ 40
	Complementary revenue streams	–	€355 million	≥ 20%
ELEVATE HEALTHY AND SUSTAINABLE				
	Healthy own-brand sales of (%) ²	50.5%	53.6%	54.2%
	Food waste reduction (%) ³	16%	18%	18%
	CO ₂ emission reduction (%) ⁴	17%	31%	Net zero by 2040
CULTIVATE BEST TALENT⁵				
	Associate engagement score (%)	≥ 81%	79%	≥ 80%
	Inclusive workplace score (%)	≥ 79%	79%	≥ 79%
STRENGTHEN OPERATIONAL EXCELLENCE				
	Save for Our Customers savings	≥ €750 million	€967 million	≥ €850 million
	Supply chain initiatives	Transition of five facilities into the integrated network	Five facilities transitioned from C&S into our integrated supply chain network	U.S. network transformed to 85% in-house full self-distribution and two fully automated frozen facilities live by the end of 2022
	In-store initiatives	≥ 50% of the European brands' grocery stores with electronic shelf labelling	Rolled out electronic shelf labelling to >50% of European brands' grocery stores, including almost 100% of owned Benelux supermarkets	≥ 80% of European grocery stores with electronic shelf labelling
	Improving online productivity	Launching U.S. Autostore/Swisslog micro-fulfillment center and increasing automated capacity at bol.com	AutoStore/Swisslog micro-fulfillment center launched in Q4 and automated capacity at bol.com further increased	Continued semi-automated capacity expansion at bol.com and facility expansion in Europe. Ramping up micro-fulfillment center in Philadelphia in U.S.

1 U.S. online sales include FreshDirect sales starting in 2021. Targets are based on the previous year's full year results unless stated otherwise. Sales growth is calculated at constant rates. Sales growth targets and results for 2021 are calculated adjusting 2020 to 52 weeks.

2 Healthy sales percentage for 2021 is impacted by the transition to the Nutri-Score methodology instead of Choices in our European brands. See [ESG statements](#) for more information.

3 Reduction is shown against a 2016 baseline of 5.48 t/€ million.

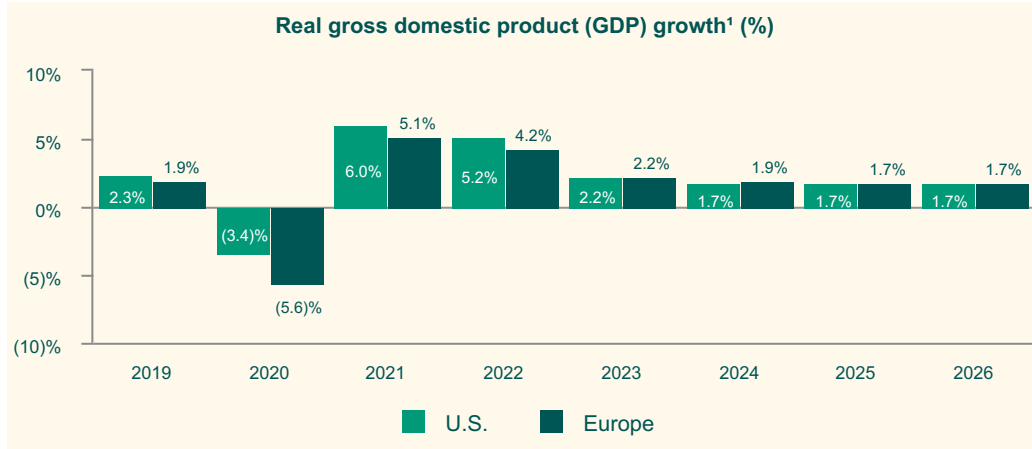
4 % reduction is based on the cumulative trajectory towards the 50% reduction of absolute scope 1 and 2 CO₂-equivalent emissions by 2030 compared to our 2018 baseline.

5 Over the course of 2022, we will adapt the associate engagement indices to fall more in line with the brands' needs. Going forward, we will report on eNPS, engagement and inclusive workplace.

Group review

MACRO-ECONOMIC TRENDS

2021 was another year of strong financial and operational performance for Ahold Delhaize despite the challenges of pandemic recovery globally. Our business continued to be impacted by a number of specific, localized market trends (see *Evolving market trends*) and also by the following general macro-economic trends:



Source: IMF (GDP reports 2021)

1 GDP represents the total value at constant prices of final goods and services produced within a country within a specific time period.

After a contraction of 3.5% in global real GDP in 2020, the deepest decline in decades, we saw a strengthening of economies in the U.S. and Europe in 2021. This was illustrated by real GDP growth of 6% in the U.S. and 5.1% in Europe.

Both the U.S. and European economies expanded this year, leading to higher personal consumption, which positively affected our sales. In 2022, real GDP growth is expected to continue at a strong rate for both the U.S. and Europe. However, the expectations beyond 2022 remain less positive, due to risks and uncertainties arising from higher inflation, supply chain disruptions, rising energy prices, and labor shortages (source: McKinsey).

Foreign exchange rates

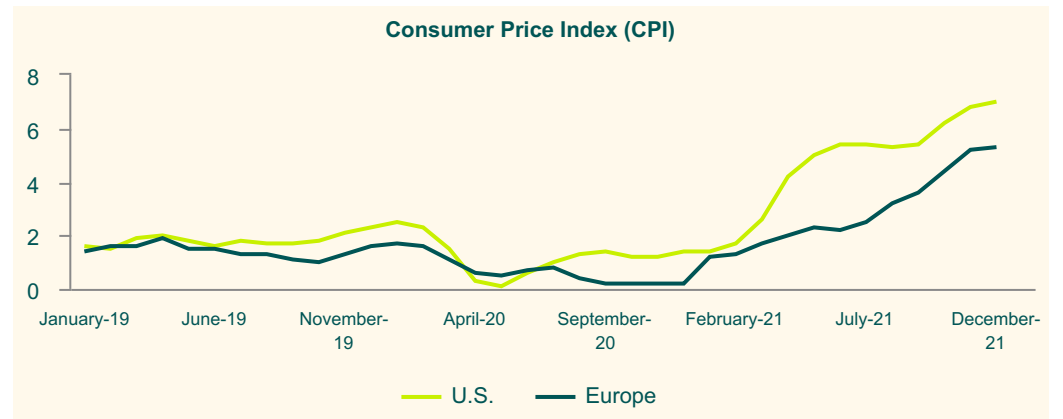
AVERAGE EXCHANGE RATES 2021-2020

Currency		2021	2020	Change in the average annual value of the currency
U.S. dollar	USD/EUR	0.8461	0.8770	(3.5)%
Czech crown	CZK/EUR	0.0390	0.0378	3.1%
Romanian leu	RON/EUR	0.2032	0.2067	(1.7)%
Serbian dinar	RSD/EUR	0.0085	0.0085	—%

Source: Bloomberg

The majority of Ahold Delhaize's brands' operations are located in the United States and denominated in U.S. dollars. The U.S. dollar developed in an unfavorable direction especially in the first three quarters, devaluing in strength relative to the euro by 3.5% in 2021, which weakened our consolidated results. Although the dollar has been appreciating since the end of October 2021, and the U.S. economy is expected to fully recover to a pre-pandemic level in 2022, going forward, currency risks remain due to possible COVID-19 impact and supply chain disruptions in 2022 (source: U.S. Department of Treasury). For more information, see *Note 2* to the consolidated financial statements.

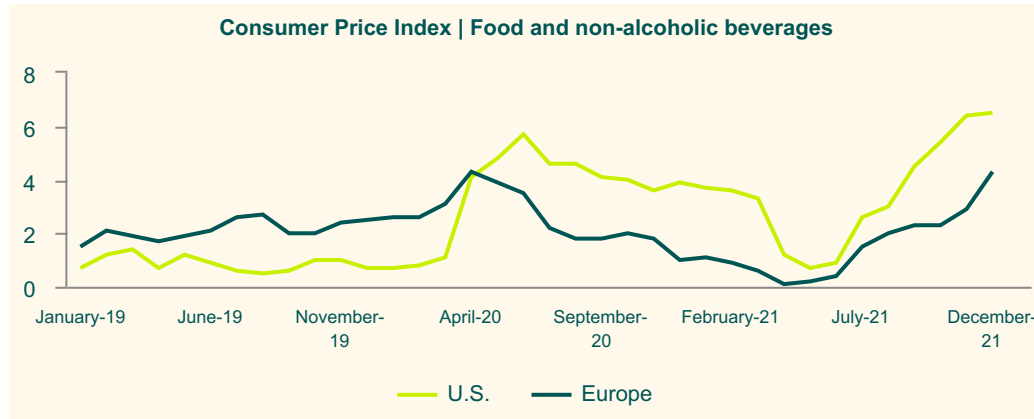
As the world economy recovered after the pandemic, inflation picked up in 2021, driven by global supply chain challenges and labor constraints, among others. On average, globally, year-on-year prices for goods and services rose by 3.5% in 2021, the highest inflation rate seen in the last five years (source: Economist Intelligence Unit). In Europe, inflation started rising in January and continued to climb throughout the year, reaching 5.3% in December 2021. The U.S. Consumer Price Index has been rising since mid-2020 and reached beyond 7% in December 2021.



Source: OECD (CPI reports in 2021)

Group review MACRO-ECONOMIC TRENDS

In line with the economic recovery, the CPI for food and beverages in our brands' markets moderated in the spring, but, as of summer, started rising steadily, approaching 6.5% in the U.S. and 4.3% in Europe by December 2021. Shipping disruptions, labor shortages, factory closures and political tensions pushed prices up.



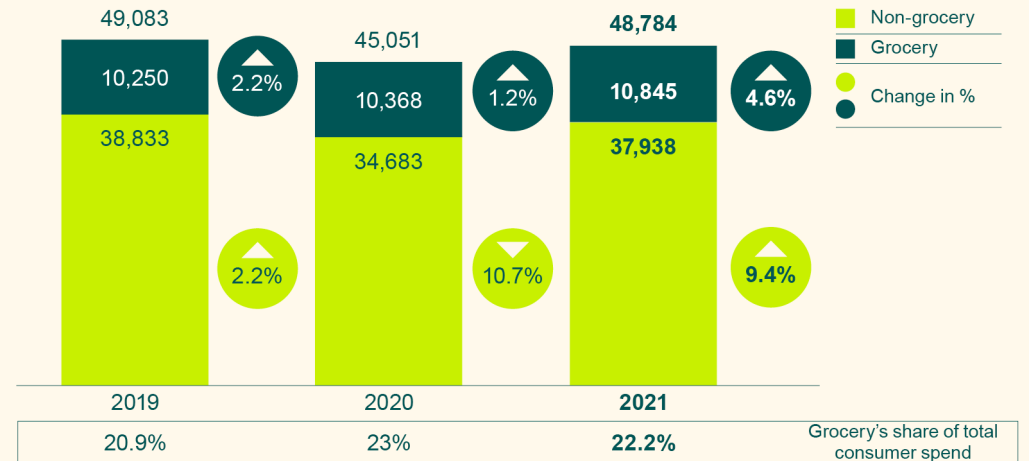
Source: OECD (CPI reports in 2021)

The introduction of vaccines, labor market recovery and governmental measures (for instance, the U.S. government spending trillions of dollars on COVID-19 stimulus and relief packages) positively affected consumer confidence and spending, including spending in the food and beverages services sector.

Consumer spending grew steadily throughout 2021, reaching \$48.8 trillion globally compared to \$45.1 trillion in 2020. In terms of global consumer and grocery market spending, we saw significant growth of 9.4% in the non-grocery sector, which rebounded following a soft 2020. Meanwhile, grocery consumer spending posted strong growth of 4.6% in 2021 versus elevated 2020 sales levels. Grocery's share of total global consumer spending decreased by 0.8% from 23.0% in 2020 to 22.2% in 2021.

The rise in consumer spending resulted from multiple factors, including the introduction of vaccines in 2021, which reduced consumer anxiety and total infection cases, and labor market recovery, along with increased employment and earnings. Additional grocery retail trends continued to develop in 2021, such as the further growth of e-commerce trade and a focus on healthy eating and nutrition (source: McKinsey). In the upcoming year, consumer spending is expected to keep increasing (source: Deloitte).

Global consumer and grocery market spending development¹



Source: Edge Retail Insight by Ascential (various reports in 2021)

¹ Grocery sales measures the total consumer spend on edible groceries (food, drink and tobacco), household and petcare and health and beauty. It excludes spending on wholesale and food service.

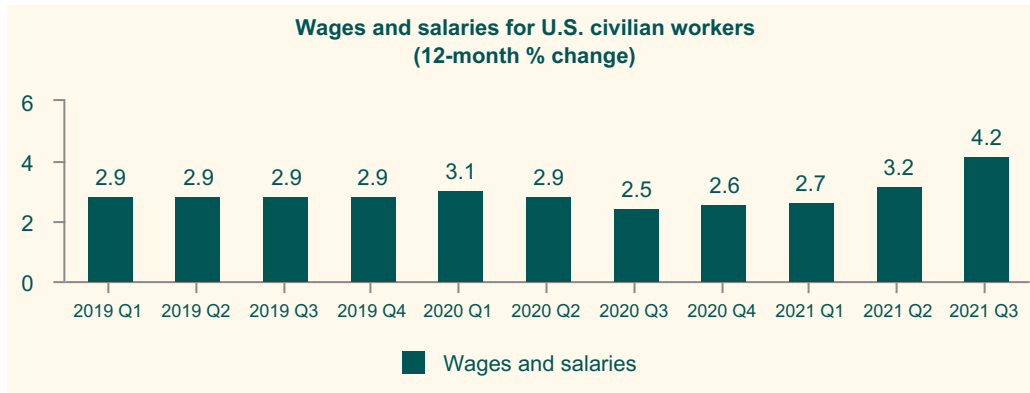
CONSUMER SPENDING SPLIT 2021-2019

	2021	2020	2019
World			
Growth grocery spending	4.6%	1.2%	2.2%
Grocery as % of total consumer spending	22.2%	23.0%	20.9%
United States			
Growth grocery spending	0.4%	7.8%	3.3%
Grocery as % of total consumer spending	10.4%	10.8%	9.5%
Europe			
Growth grocery spending	9.1%	3.1%	(1.6)%
Grocery as % of total consumer spending	18.4%	19.2%	17.3%

Source: Edge Retail Insight by Ascential (various reports in 2021; the data for 2020 and 2019 has been re-calculated by Ascential)

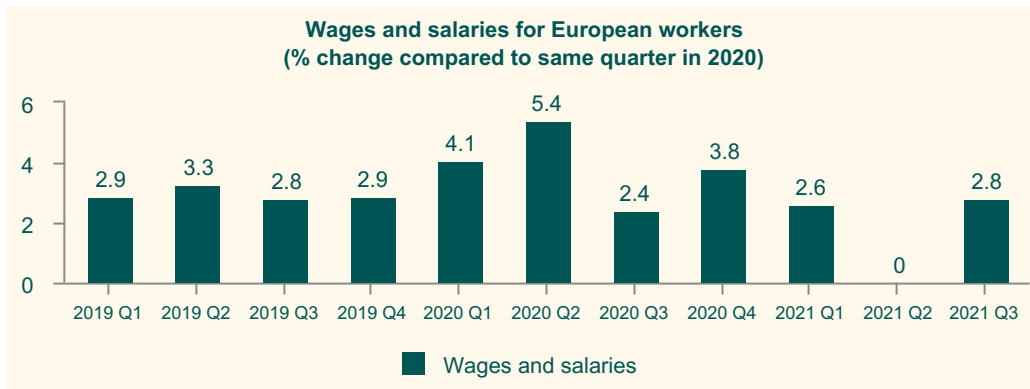
Group review MACRO-ECONOMIC TRENDS

Rising global demand has driven commodity prices higher, resulting in higher costs to producers and consumers. In addition, a shortage of workers is pushing wages higher. In the U.S., wages went up to 4.2% in Q3 2021 on a year-on-year basis, the largest rise since the fourth quarter of 2004, after increasing to 3.2% in the second quarter of 2021. With rising U.S. wage inflation, Ahold Delhaize relies on increasing productivity gains and cost savings initiatives to manage its business and keep prices competitive for consumers.



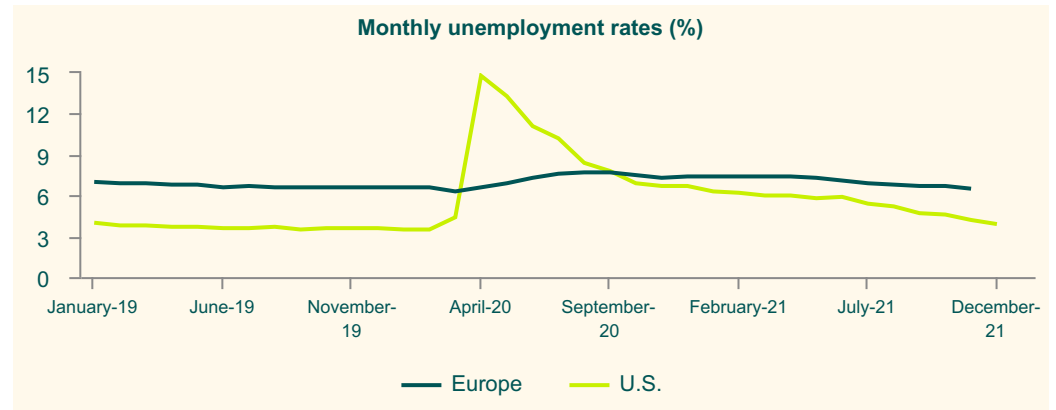
Source: U.S. Bureau of Labor Statistics (Charts related to the latest "Employment Cost Index" news release)

Wages in Europe are growing at a far slower pace than in the U.S. The highest growth per quarter in 2021 was in Q3, when wages in Europe went up by 2.8% on a year-on-year basis. The difference between the U.S. and Europe can be explained by the fact that European workers' unions are prioritizing non-wage benefits, such as job security and more leisure time, versus higher pay, especially during the pandemic (source: Reuters).



Source: Eurostat (Labor cost index)

In 2020, the world suffered from a surge in unemployment due to the COVID-19 crisis, especially in the U.S., where the monthly unemployment rate reached 14.8%. In 2021, the U.S. saw a high rate of people voluntarily quitting their jobs and record job openings. The unemployment rate in the U.S. declined throughout the year, reaching a record low of 3.9% in December 2021. Between April 2020 and October 2021, a total of 18.2 million jobs were recovered, which represents 81% of the jobs lost during the first two months of the economic shutdown (source: U.S. Department of Treasury).



Source: OECD (Labor market statistics 2021; the data for the European Union is not published for December yet)

In Europe, unemployment declined throughout 2021 and reached pre-pandemic rates in autumn 2021. Labor market conditions improved in the second quarter of 2021 with the creation of about 1.5 million jobs and a swift rebound in hours worked, as many workers also exited job retention schemes. Labor shortages are emerging, in particular, in segments where activity is surging the most. As economic recovery continues, the labor market is expected to fully rebound next year, bringing the unemployment rate in the EU down to 6.5% in 2023 (source: European Commission).

Group review

GROUP PERFORMANCE

Net sales

€75.6bn

1.2% vs. 2020

3.3%¹Comparable sales growth
(excluding gasoline sales)

2.3%

Operating income

€3,320m

51.5% vs. 2020

62.2%¹

Underlying operating income

€3,331m

(7.3)% vs. 2020

(4.5)%¹

Underlying operating margin

4.4%

(0.4) pp vs. 2020

(0.4) pp¹

Free cash flow

€1.6bn

1 At constant rates.

€ million	2021	2020 ²	Change	% change
Net sales	75,601	74,736	865	1.2%
Of which: online sales	7,704	5,547	2,157	38.9%
Cost of sales	(54,916)	(54,160)	(756)	1.4%
Gross profit	20,685	20,575	110	0.5%
Other income	531	470	61	12.9%
Operating expenses	(17,896)	(18,855)	959	(5.1)%
Operating income	3,320	2,191	1,129	51.5%
Net financial expense	(517)	(485)	(32)	6.6%
Income before income taxes	2,803	1,706	1,097	64.3%
Income taxes	(591)	(331)	(260)	78.5%
Share in income of joint ventures	33	22	12	53.5%
Income from continuing operations	2,246	1,397	849	60.8%
Income (loss) from discontinued operations	0	0	0	98.6%
Net income	2,246	1,397	849	60.8%
Operating income	3,320	2,191	1,129	51.5%
Adjusted for:				
Impairment losses and reversals – net	61	48	13	
(Gains) losses on leases and the sale of assets – net	(76)	(57)	(19)	
Restructuring and related charges and other items	26	1,413	(1,387)	
Underlying operating income	3,331	3,594	(263)	(7.3)%
Underlying operating income margin	4.4%	4.8%	(0.4) pp	
Underlying EBITDA ¹	6,335	6,435	(100)	(1.6)%
Underlying EBITDA margin ¹	8.4%	8.6%	(0.2) pp	

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €3,004 million for 2021 and €2,840 million for 2020. The difference between the total amount of depreciation and amortization for 2021 of €3,007 million (2020: €2,844 million) and the €3,004 million (2020: €2,840 million) mentioned here relates to items that were excluded from underlying operating income.

2 Comparative figures have been restated to conform to the current year's presentation (see [Note 8](#)).

Group review

GROUP PERFORMANCE

SHAREHOLDERS

€ unless otherwise indicated	2021	2020	% change
Net income per share attributable to common shareholders (basic)	2.18	1.31	66.8%
Underlying income per share from continuing operations	2.20	2.28	(3.3)%
Dividend payout ratio	42%	40%	2.0 pp
Dividend per common share	0.95	0.90	5.6%

OTHER INFORMATION

€ million unless otherwise indicated	2021	2020	Change
Net debt ¹	13,946	11,434	22.0%
Free cash flow ²	1,618	2,199	(26.4)%
Capital expenditures included in cash flow statement (excluding acquisitions)	2,371	2,659	(10.8)%
Number of employees (in thousands)	413	414	(0.2)%
Credit rating/outlook Standard & Poor's	BBB / stable	BBB / stable	—
Credit rating/outlook Moody's	Baa1 / stable	Baa1 / stable	—

Certain key performance indicators contain alternative performance measures. The definitions of these measures are described in the [Glossary](#) 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.

Week 53

Our financial year normally consists of 52 weeks and ends on the Sunday nearest to December 31. Every five years, our financial year consists of 53 weeks.

Ahold Delhaize's 2021 financial year consisted of 52 weeks and ended on January 2, 2022, while financial year 2020 consisted of 53 weeks.

Net sales in 2020 were positively impacted by the additional week, while the impact on operating margin was negligible. In some of the discussions below, we have included comparisons of the 52 weeks of 2021 with a 52-week period of 2020, which consists of the 53 weeks excluding the last week of 2020 (referred to as pro-forma 2020).

COVID-19 pandemic

Our 2021 results continued to be positively impacted by COVID-19, as the pandemic drove an enhanced shift towards more food-at-home consumption. Not only did we see a sustained increase in our brick-and-mortar sales, but a further acceleration of net consumer online sales growth, as more consumers shifted to online shopping during the continuation of the pandemic.

To accommodate higher demand, our brands continued expanding capacity in 2021, opening 270 click-and-collect points in the United States and new e-commerce distribution centers in the United States, the Netherlands and the Czech Republic.

The operational execution, driven by teams across the brands, positively impacted our group underlying operating margin. This was related to higher operating leverage, due to higher COVID-19-related sales trends.

These results were offset, in part, by significant costs related to COVID-19. Investments in safety and preventative measures (including sanitation and protective equipment) in stores and distribution centers and donations to communities resulted in approximately €364 million in COVID-19-related costs for the year.

The pandemic caused continued zoning and permit-related challenges, which delayed our store development projects, impacting our capital expenditure. Despite these challenges, we spent €2.4 billion of gross capital expenditure by promptly responding to the pandemic and prioritizing investments in vertical integration and our omnichannel offering to respond to changing consumer needs.

Our Save for Our Customers program remained solid. It further benefited by leveraging higher sales to achieve greater efficiencies, resulting in over-achievement of our 2021 target of €750 million in savings.

While there was government assistance available to companies in several countries where our brands operate, we did not apply for any government assistance.

The COVID-19 pandemic did not trigger any asset impairments.

Group review

GROUP PERFORMANCE

NET SALES

Net sales for the financial year ending on January 2, 2022, were €75,601 million, an increase of €865 million, or 1.2%, compared to net sales of €74,736 million for the financial year ending on January 3, 2021. At constant exchange rates, net sales were up by €2,382 million or 3.3%.

€ million	2021	2020	Change versus prior year	% change	Change versus prior year at constant exchange rates	% change at constant exchange rates
Net sales	75,601	74,736	865	1.2%	2,382	3.3%
Of which gasoline sales	901	667	234	35.1%	256	39.6%
Net sales excluding gasoline	74,700	74,069	631	0.9%	2,127	2.9%
Of which online sales	7,704	5,547	2,157	38.9%	2,204	40.1%
Net consumer online sales	10,401	7,576	2,825	37.3%	2,872	38.2%

Gasoline sales increased by 35.1% in 2021 to €901 million. At constant exchange rates, gasoline sales increased by 39.6%, driven by a reduction in pandemic measures during the year leading to an increase in gasoline volumes. In addition, gasoline prices increased considerably worldwide in 2021.

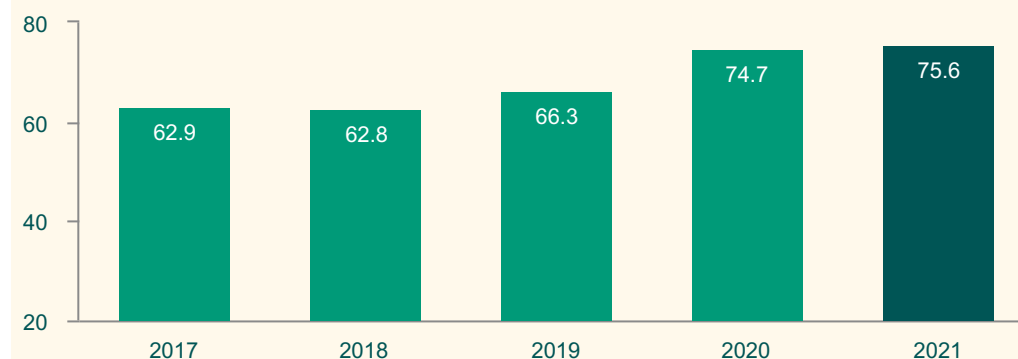
Net sales excluding gasoline increased in 2021 by €631 million, or 0.9%, compared to 2020. At constant exchanges rates, net sales excluding gasoline increased in 2021 by €2,127 million, or 2.9%, compared to 2020. Sales growth continued to be elevated by demand related to COVID-19, yet was also fueled by improvements in our brands' business models, including online, and the acquisition of FreshDirect, 71 stores from Southeastern Grocers at Food Lion and 38 stores from DEEN in the Netherlands.

NET SALES OVERVIEW ON A PRO FORMA BASIS

€ million	2021 (52 weeks)	2020 (52 weeks)	Change versus prior year	% change	Change versus prior year at constant exchange rates	% change at constant exchange rates
Ahold Delhaize	75,601	73,551	2,050	2.8%	3,626	5.0%

Compared to the pro forma 2020 sales based on 52 weeks and at constant exchange rates, net sales increased in 2020 by €3,626 million, or 5.0% at constant exchange rates.

Net sales (€ billion)



Net sales contribution by segment



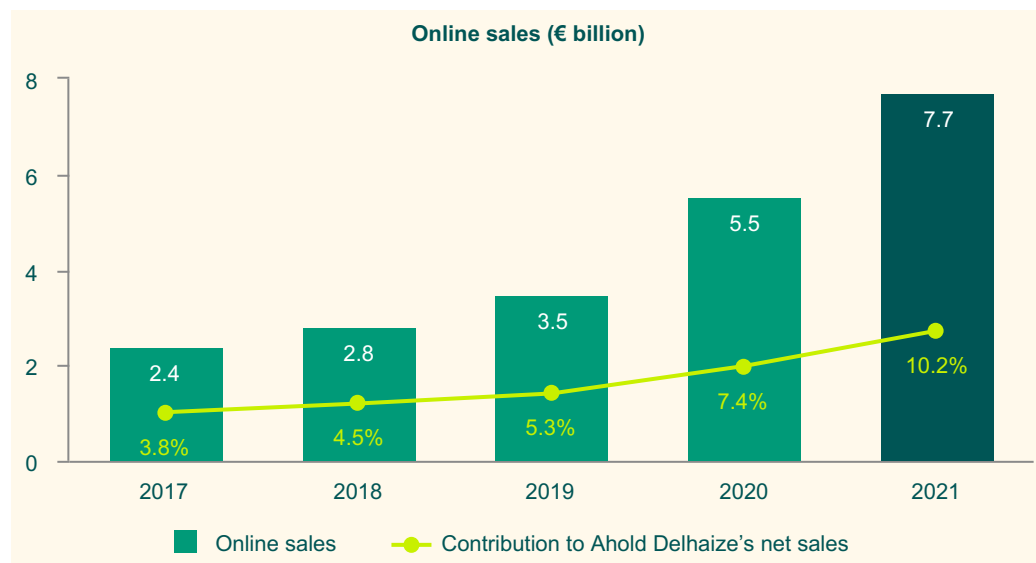
In addition, when we look at comparable sales growth excluding gasoline sales over 2021, we see a growth of 2.3%. The two-year stack increased by 14.8% in 2021.

Group review

GROUP PERFORMANCE

Online sales

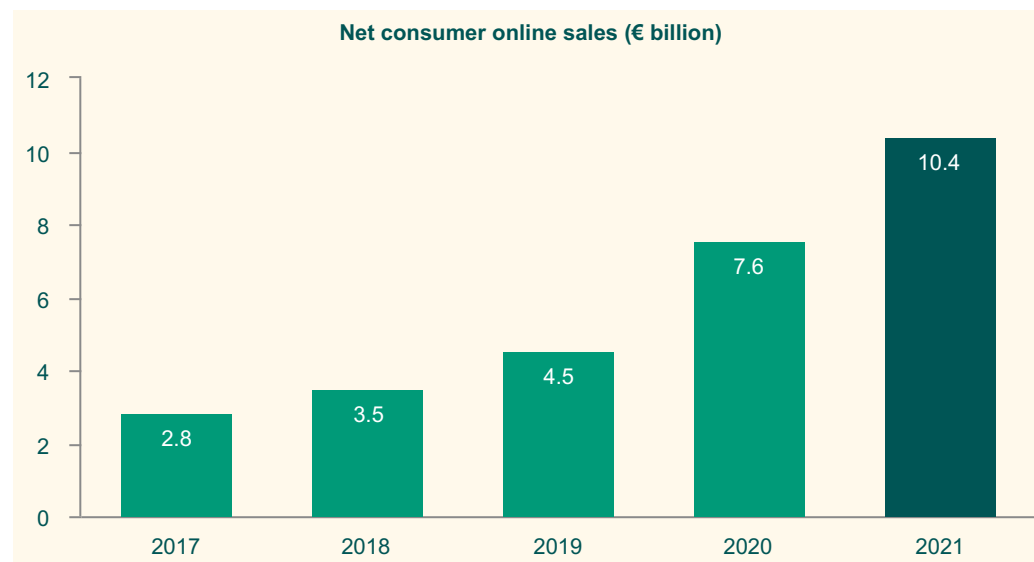
We continued to see strong sales growth in our online businesses, which contributed €7,704 million to net sales in 2021 (2020: €5,547 million). Net consumer online sales amounted to €10,401 million and increased in 2021 by 38.2% at constant exchange rates. On a comparable 52-week basis, net consumer online sales grew by 41.5% in 2021, at constant exchange rates.



With the launch of online shopping at Albert in the Czech Republic, all our brands now have online operations. The continued increase in online sales was driven by the impact of COVID-19 and consumers shifting to online shopping, as we also saw in 2020. We saw continued positive trends across all the brands with online acceleration in the U.S. supported by more click-and-collect points, third-party delivery and the acquisition of FreshDirect in 2021, and growth in Europe that was mainly driven by the bol.com and ah.nl online brands.

	2021	2020	Change vs. previous year
% of online grocery penetration ¹	6.8%	4.5%	2.3 pp

¹ See the [Glossary](#) for more information on how this is calculated.



Group review

GROUP PERFORMANCE

Healthy sales

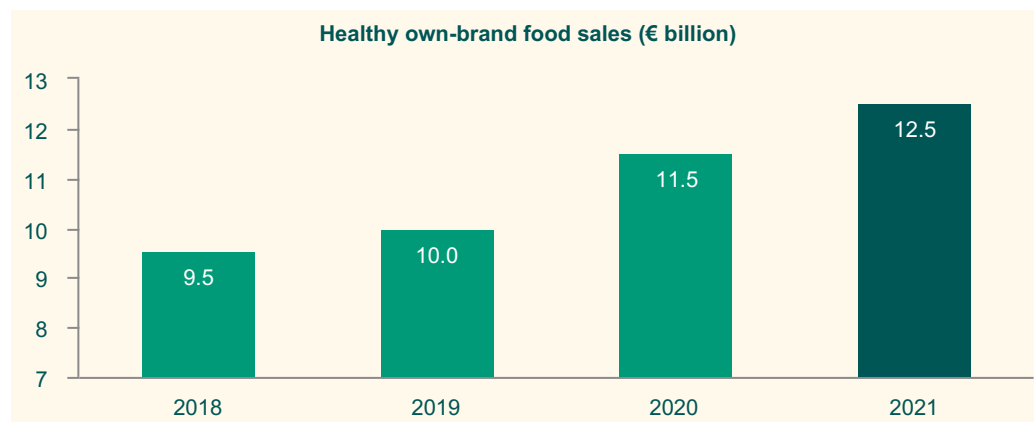
	2021	2020	2025 target
% of healthy own-brand food sales as a proportion of total own-brand food sales ¹	53.6%	49.8%	>55%

¹ Healthy sales percentage for 2021 is impacted by 3.0 percentage points from the transition to the Nutri-Score methodology instead of Choices in our European brands. See [ESG statements](#) for more information.

During 2021, we further increased the sale of healthy own-brand products as a proportion of total own-brand food sales to 53.6%. This increase resulted from the introduction of Nutri-Score in our European brands and the U.S. brands' continuous effort to reformulate own-brand products. Our performance was also supported by the brands' increased focus on driving healthy own-brand sales.

In addition, we have seen that the fresh product category is the fastest growing segment at Food Lion and Delhaize keeps benefiting from its SuperPlus loyalty program, which gives higher discounts on products with a Nutri-Score of A or B.

See [ESG statements](#) for more information on how we measure the percentage of healthy own-brand sales.



GROSS PROFIT

Gross profit was up by €110 million, or 0.5%, compared to 2020. At constant exchange rates, gross profit increased by €471 million, or 2.3%. Gross profit margin (gross profit as a percentage of net sales) for 2021 was 27.5%, a decrease of 14 basis points compared to 27.7% in 2020, affected mainly by an increase in logistics and distribution costs, driven by overall U.S. labor market staffing challenges resulting in heavier usage of third-party labor, increased contract labor and usage of third-party carriers.

Food waste

	2021	2020	2030 target
Tonnes of food waste per food sales (t/€ million)	4.48	4.53	2.74
% reduction in food waste per food sales (t/€ million) ¹	18%	17%	50%

¹ The reduction is measured against the 2016 baseline of 5.48 t/€ million. See [ESG statements](#) for more information.

In contrast to shrink, we calculate food waste as excluding donations to hunger relief organizations, theft and cash shortages but including food that is used for animal feed or biogas, incinerated or sent to landfill facilities.

During 2021, absolute food waste remained stable at 259 thousand tonnes. One way our brands reduce food waste is through food donations. In 2021, our brands donated 19% of unsold food to feed people compared to 16% in 2020.

During 2021, our brands continued to find innovative ways to reduce food waste. For example, The GIANT Company's chain-wide rollout of Flashfood – an app-based digital marketplace giving shoppers savings on foods approaching their expiration dates – to its stores this year contributed to the brand's waste reduction strategy. See [Working together to keep shelves stocked](#), [Hannaford leads the way to zero food waste to landfills](#) and [Albert Heijn fights food waste with "yesterday's bread"](#) for more examples of how our brands are reducing food waste.

See also [ESG statements](#) for more information on how we measure our performance on food waste.

Group review

GROUP PERFORMANCE

OPERATING EXPENSES

In 2021, operating expenses decreased by €959 million, or 5.1%, to €17,896 million, compared to €18,855 million in 2020. At constant exchange rates, operating expenses decreased by €625 million, or 3.4%. As a percentage of net sales, operating expenses decreased by 1.6 percentage points to 23.7%, compared to 25.2% in 2020. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales decreased by 1.6 percentage points. Operating expenses were significantly lower due to lower costs related to COVID-19 and last year's one-off charges related to the U.S. multi-employer pension plan withdrawal and settlement agreements, partially offset by increasing inflationary pressures.

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

Carbon emissions

	2021	2020	2030 target
Absolute CO ₂ -equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) ^{1,2,3,4,5}	2,827	3,148	2,036
% reduction in absolute CO ₂ -equivalent emissions from own operations (scope 1 and 2) ^{1,2,3,4,5}	31%	23%	50%

1 Reduction is from a 2018 baseline of 4,073 thousand tonnes CO₂-equivalent emissions.

2 2018 baseline has been restated due to acquisitions, inclusion of last-mile delivery and updated conversion factors for refrigerants from IPCC.

3 2020 absolute CO₂-equivalent emissions has been restated due to updated conversion factors for refrigerants from IPCC.

4 2021 absolute CO₂-equivalent emissions include impact from acquisitions and last-mile delivery, resulting in a 5% impact compared to 2020.

5 2020 and 2021 figures include Etos, Gall & Gall and bol.com.

Our scope 1 and 2 CO₂-equivalent emissions are mainly driven by energy consumption, refrigerant leakage and transport. In 2021, CO₂-equivalent emissions decreased by 31% compared to our 2018 baseline. The main drivers for this reduction were related to the increased amount of renewable energy consumed and more efficient refrigeration systems. CO₂-equivalent emissions from transport increased.

Carbon emissions from energy consumption were 1,382 thousand tonnes compared to 1,646 thousand tonnes in 2020. During 2021, 315 stores were added to our portfolio, for example, through the acquisition of stores from Southeastern Grocers at Food Lion and DEEN in the Netherlands. We continued to source more green energy through power purchase agreements (PPAs). In 2021, 21% of the energy consumed came from renewable sources compared to 12% in 2020. Initiatives that contributed to the increase included Albert Heijn's switch to sourcing 100% wind energy during 2021 and other brands, including The GIANT Company and Delhaize Serbia, sourcing more green energy.

Carbon emissions from refrigerant leakage was 1,182 thousand tonnes compared to 1,257 thousand tonnes in 2020. This was driven by our brands using refrigerants with a lower Global Warming Potential (GWP) and having fewer leakages. Our brands continue to install refrigeration systems with a lower GWP, or even natural refrigerants, when they remodel stores. At Albert Heijn, over 50% of stores now run on natural refrigeration systems and our U.S. brands continue to roll out programs for more efficient and climate-friendly refrigeration systems.

Carbon emissions from fuel consumption of owned trucks increased to 262 thousand tonnes compared to 244 thousand tonnes in 2020.

See also [ESG statements](#) for more information on how we measure carbon emissions for scope 1 and 2 as well as for scope 3.

IMPAIRMENT LOSSES AND REVERSALS – NET

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2021 and 2020:

€ million	2021	2020
The United States	(48)	(27)
Europe	(13)	(21)
Total	(61)	(48)

Impairment charges in 2021 were €61 million, up by €13 million compared to 2020. The increase is related to investment properties at Stop & Shop and The GIANT Company, as well as Stop & Shop operating locations in the United States.

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 2021 and 2020:

€ million	2021	2020
The United States	49	20
Europe	21	37
Global support office	6	—
Total	76	57

The gains (losses) in 2021 were €76 million, which was €19 million higher than 2020, due to the €29 million increase in the United States, driven mainly by the gain on sale of land in Massachusetts, only partially offset by a €16 million decrease in Europe.

Group review

GROUP PERFORMANCE

RESTRUCTURING AND RELATED CHARGES AND OTHER ITEMS

Restructuring and related charges and other items in 2021 and 2020 were as follows:

€ million	2021	2020
The United States	80	(1,454)
Europe	(106)	39
Global Support Office	—	2
Total	(26)	(1,413)

Restructuring and related charges and other items in 2021 were €26 million, down by €1,387 million compared to 2020. In 2020, the restructuring and related charges in the U.S. mainly included the €676 million settlement agreement for FELRA and MAP at Giant Food, €183 million for Stop & Shop's withdrawals from the 1500 Plan, and €559 million for withdrawal from the National Plan. In 2021, the income mainly related to a partial release of the defined benefit obligation of the FELRA and MAP benefit related to the American Rescue Plan Act (see [Note 24](#)). This was partly offset by other main charges, which are related to the acquisition of FreshDirect, and to transaction costs of the acquisition of 71 stores from Southeastern Grocers (SEG). In Europe, the charges mainly related to claims and disputes, and the restructuring costs related to the DEEN acquisition.

OPERATING INCOME

Operating income in 2021 went up by €1,129 million, or 51.5%, to €3,320 million compared to €2,191 million in 2020. The increase of €1,129 million is mainly explained by the changes in gross profit and operating expenses, which are explained above. At constant exchange rates, operating income was up €1,274 million, or 62.2%.

NET FINANCIAL EXPENSES

Net financial expenses in 2021 were up by €32 million, or 6.6%, to €517 million, compared to €485 million in 2020. The increase was primarily due to an additional €40 million of interest accretions related to the multi-employer plan withdrawals at the end of last year, and related to the minority interest liability in FreshDirect. This was partly offset by the weakening of the U.S. dollar against the euro, leading to €12 million lower interest on U.S. dollar debt.

INCOME TAXES

In 2021, income tax expense was €591 million, up by €260 million, compared to €331 million in 2020. The main reason for the increase in income tax expense is the higher income before income tax.

The effective tax rate, calculated as a percentage of income before income tax, was 21.1% in 2021 (2020: 19.4%). In 2020, Ahold Delhaize booked a €1.4 billion tax-deductible expense for incremental pension liabilities in the U.S., impacting the effective tax rate (see [Note 24](#)). Excluding this expense, the 2020 reported effective tax rate would increase from 19.4% to 23.0% on a pro forma basis.

SHARE IN INCOME OF JOINT VENTURES

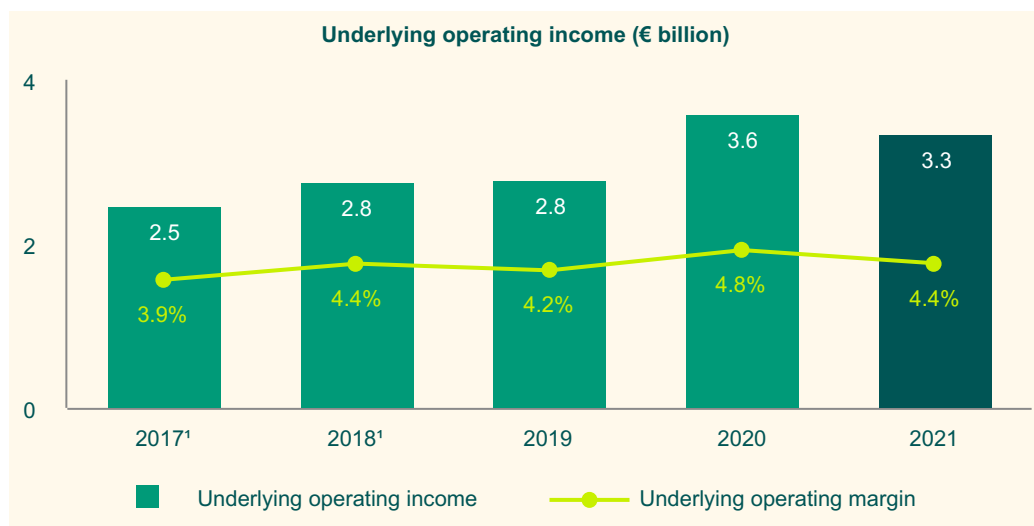
Ahold Delhaize's share in income of joint ventures was €33 million in 2021, or €12 million higher than last year. This increase is mainly explained by our 49% shareholding in JMR. Our share of JMR results increased by €11 million compared to last year which was negatively impacted by COVID-19-related government restrictions and lack of tourists reducing traffic at smaller, high-frequency stores in Portugal. During 2021 the restrictions were gradually eased. Our share of individually immaterial joint ventures increased by €3 million compared to last year. The increase was partly offset by the impact of the 51% share in Super Indo. Our share of Super Indo's results decreased by €3 million compared to last year. For further information about joint ventures, see [Note 15](#) to the consolidated financial statements.

Group review
GROUP PERFORMANCE

UNDERLYING OPERATING INCOME AND UNDERLYING OPERATING INCOME MARGIN

Underlying operating income was €3,331 million in 2021, down €263 million, or 7.3%, versus €3,594 million in 2020. Underlying operating income margin in 2021 was 4.4%, compared to 4.8% in 2020. At constant exchange rates, underlying operating income was down by €157 million, or 4.5%, compared to 2020. Our 2021 results were mainly impacted by higher logistics and distribution costs, operational expenses, advertising costs and depreciation and rent, driven by supply chain challenges in the U.S. and incremental omnichannel investments accelerating our online business.

Tight cost management remains a core objective of our business model. Our Save for Our Customers program delivered €967 million this year, positively impacting our gross profit and operating expenses. Through this program, we drive efforts to provide our businesses with optimized store processes and improved sourcing conditions, enabling us to continue to invest in our customer proposition.



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

Underlying operating income contribution by segment¹



¹ Before Global Support Office costs.

Group review

FINANCIAL POSITION

Ahold Delhaize's consolidated balance sheets as of January 2, 2022, and January 3, 2021, are summarized as follows:

€ million	January 2, 2022	% of total	January 3, 2021	% of total
Property, plant and equipment	11,838	25.9%	10,696	26.3%
Right-of-use asset	9,010	19.7%	7,455	18.3%
Intangible assets	12,770	27.9%	11,565	28.4%
Pension assets	71	0.2%	78	0.2%
Other non-current assets	2,439	5.3%	1,970	4.8%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments ¹	3,143	6.9%	3,119	7.7%
Inventories	3,728	8.2%	3,245	8.0%
Other current assets	2,713	5.9%	2,563	6.3%
Total assets	45,712	100.0%	40,692	100.0%
Group equity	13,721	30.0%	12,432	30.6%
Non-current portion of long-term debt	14,739	32.2%	12,305	30.2%
Pensions and other post-employment benefits	1,107	2.4%	1,235	3.0%
Other non-current liabilities	1,966	4.3%	1,908	4.7%
Short-term borrowings and current portion of long-term debt and lease liabilities ¹	2,350	5.1%	2,249	5.5%
Payables	7,563	16.5%	6,795	16.7%
Other current liabilities	4,266	9.3%	3,768	9.3%
Total equity and liabilities	45,712	100.0%	40,692	100.0%

¹ See footnotes to next table (on the next page) for a reconciliation of amounts to the figures included in the consolidated financial statements.

Total assets increased by €5,019 million. Property, plant and equipment increased by €1,141 million, primarily driven by regular capital expenditures surpassing depreciation charges and, to a lesser extent, by assets brought in through acquisitions and by the appreciation of the U.S. dollar relative to the euro. For more information, see [Note 11](#) to the consolidated financial statements.

Right-of-use assets increased by €1,554 million. Similar to the changes in company-owned fixed assets, higher right-of-use balances in 2021 were primarily driven by investments, reassessments and modifications to leases being higher than depreciation, by assets brought in through acquisitions and by the appreciation of the U.S. dollar. For more information, see [Note 12](#) to the consolidated financial statements.

Intangible assets increased by €1,205 million. The higher balances in 2021 were almost entirely due to higher goodwill, driven by acquisitions and the appreciation of the U.S. dollar relative to the euro. For more information, see [Note 14](#) to the consolidated financial statements.

Inventories increased by €483 million to €3,728 million, also reflecting a significant part of the increase in payables. A key driver for this was the initiative to transform our U.S. logistics network to full self-distribution and it was partly driven by the DEEN acquisition and the accelerated growth of our bol.com business.

Other current liabilities increased by €497 million, mainly due to an increase in accrued expenses, driven by a growth in sales of Plaza partners at bol.com, and higher short-term provisions (see [Note 27](#)).

Our pension and other post-employment benefits decreased by €128 million to €1,107 million, for more information see [Note 24](#).

Group review

FINANCIAL POSITION

In 2021, gross debt increased by €2,535 million to €17,089 million, primarily due to an increase in leases and exchange rate movements on the U.S. dollar. Other gross debt changes included the issuance in March of the €600 million sustainability-linked fixed rate bonds maturing in 2031 and €250 million drawing under a bilateral credit facility, partially offset by the repayment of the €300 million floating rate bonds that matured in 2021.

€ million	January 2, 2022	January 3, 2021
Loans	4,678	3,863
Lease liabilities	10,061	8,442
Non-current portion of long-term debt	14,739	12,305
Short-term borrowings and current portion of long-term debt ¹	2,350	2,249
Gross debt	17,089	14,554
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments ^{2, 3, 4, 5}	3,143	3,119
Net debt	13,946	11,434

¹ Short-term borrowings and current portion of long-term debt comprise €1,201 million lease liabilities, €145 million short-term borrowings, €807 million bank overdrafts and €197 million current portion loans (for more information see [Note 26](#) to the consolidated financial statements).

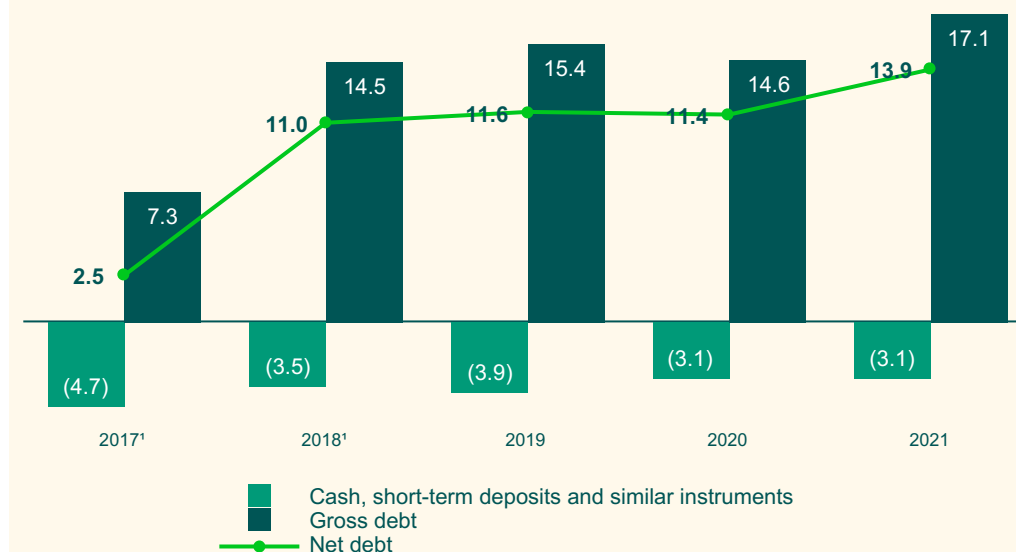
² Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at January 2, 2022, was €15 million (January 3, 2021: €58 million) and is presented within Other current financial assets in the consolidated balance sheet.

³ Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €135 million (January 3, 2021: €129 million).

⁴ Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at January 2, 2022, was €397 million (January 3, 2021: €441 million).

⁵ Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €807 million (January 3, 2021: €681 million). This cash amount is fully offset by an identical amount included under short-term borrowings and current portion of long-term debt.

Gross and net debt (€ billion)



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

Ahold Delhaize's net debt was €13,946 million as of January 2, 2022 – an increase of €2,511 million from January 3, 2021. The increase in net debt was mainly the result of an increase in leases, exchange rate movements on the U.S. dollar, the payment of the common stock dividend (€856 million) and the completion of the €1 billion share buyback program, partly offset by free cash flow generation (€1,618 million).

Group review

LIQUIDITY

€ million	January 2, 2022	January 3, 2021
Total cash and cash equivalents (<i>Note 20</i>)	2,993	2,933
Short-term deposits and similar instruments (<i>Note 19</i>)	15	58
Investments in debt instruments (FVPL) – current portion (<i>Note 19</i>)	135	129
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,143	3,119
Less: Notional cash pooling arrangement (short-term borrowings)	807	681
Liquidity position	2,336	2,438

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of January 2, 2022, the Company's liquidity position primarily consisted of €2,336 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 billion revolving credit facility.

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

Group credit facility

Ahold Delhaize has access to a €1 billion committed, unsecured, multi-currency and syndicated revolving credit facility. On December 10, 2020, the Company closed a three-year €1 billion sustainability-linked revolving credit facility including two one-year extension options, refinancing the 2015-dated €1 billion facility with a maturity in December 2023 and including two one-year extension options. This facility reinforces the alignment of the funding strategy and the commitments laid out in the Healthy and Sustainable strategy. In 2021, the Company successfully agreed on the first extension with the lenders, bringing the maturity to December 2024.

The credit facility contains customary covenants and a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB / Baa2 respectively, not to exceed a maximum leverage ratio of 5.5:1. The maximum leverage ratio was unchanged compared to the prior credit facility, dated 2015.

During 2021 and 2020, the Company was in compliance with these covenants. However, it was not required to test the financial covenant, due to its credit rating. As of January 2, 2022, 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 remained unchanged in 2021:

- Standard & Poor's: corporate credit rating BBB, with a stable outlook since June 2009 (previous rating BBB- assigned in 2007).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (previous rating Baa2 assigned in August 2015).

Group review

CASH FLOWS

Ahold Delhaize's consolidated cash flows for 2021 and 2020 are as follows:

€ million	2021	2020
Operating cash flows from continuing operations	5,468	6,343
Purchase of non-current assets (cash capital expenditure)	(2,371)	(2,659)
Divestment of assets/disposal groups held for sale	82	108
Dividends received from joint ventures	28	16
Interest received	16	24
Lease payments received on lease receivables	103	99
Interest paid	(138)	(149)
Repayments of lease liabilities	(1,569)	(1,584)
Free cash flow	1,618	2,199
Proceeds from long-term debt	848	507
Repayments of loans	(427)	(438)
Changes in short-term loans	90	(556)
Changes in short-term deposits and similar instruments	44	(60)
Dividends paid on common shares	(856)	(1,026)
Share buyback	(994)	(1,001)
Acquisition/(divestments) of businesses, net of cash	(534)	(7)
Other cash flows from derivatives	—	2
Other	(7)	(3)
Net cash from operating, investing and financing activities	(218)	(383)

Operating cash flows from continuing operations were lower by €874 million. At constant exchange rates, operating cash flows from continuing operations were lower by €666 million, or (10.9)%. The purchase of non-current assets was lower by €288 million, or €244 million at constant exchange rates.

Free cash flow

Free cash flow, at €1,618 million, decreased by €580 million compared to 2020, driven by lower gains from working capital inflow of €675 million and higher income taxes paid of €446 million compared to last year, partially offset by lower net investments of €261 million and higher operating cash flow of €246 million. The increase in income taxes paid mainly relates to the payment of an additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received and that was paid in order to avoid an interest charge of 4% per annum on the amount due and adverse tax consequences, as well as other timings of payments (see [Note 34](#) to the consolidated financial statements for more information on this additional assessment notice).

In 2021, the main uses of free cash flow included:

- Share buyback program, for a total amount of €994 million.
- Common stock final dividend of €0.40 per share for 2020, paid in 2021, and common stock interim dividend of €0.43 per share for 2021, resulting in a total cash outflow of €856 million.

Group review

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Capital expenditure (CapEx), including acquisitions and additions to right-of-use assets, amounted to €5,776 million in 2021 and €4,456 million in 2020. Total cash CapEx for the year amounted to €2,371 million in 2021, a reduction of €288 million compared to the previous year.

€ million	2021	2020	Change versus prior year	% of sales
The United States	2,235	2,621	(386)	4.9%
Europe	1,925	1,802	123	6.4%
Global Support Office	28	25	3	
Total regular capital expenditures	4,187	4,448	(261)	5.5%
Acquisition capital expenditures	1,589	8	1,581	2.1%
Total capital expenditures	5,776	4,456	1,320	7.6%
Total regular capital expenditures	4,187	4,448	(261)	5.5%
Right-of-use assets ¹	(1,748)	(1,756)	8	(2.3)%
Change in property, plant and equipment payables (and other non-cash adjustments)	(68)	(33)	(35)	(0.1)%
Total cash CapEx (cash capital expenditure)	2,371	2,659	(288)	3.1%
Divestment of assets/disposal groups held for sale	(82)	(108)	27	(0.1)%
Net capital expenditure	2,289	2,550	(261)	3.0%

¹ Right-of-use assets comprises additions (€726 million), reassessments and modifications to leases (€1,012 million) (for more information see [Note 12](#) to the consolidated financial statements) as well as additions (€2 million) and reassessments and modifications to leases (€7 million) relating to right-of-use assets included within investment properties (for more information see [Note 13](#) to the consolidated financial statements).

Capital investments were primarily related the construction, remodeling and expansion of our brands' stores, the expansion of the brands' online channel, improvements in technology and development of digital capabilities, in addition to investments in our supply chain and IT infrastructure improvements. The decrease in total regular CapEx compared to last year can mainly be explained by approximately \$300 million of investments in the U.S. supply chain in 2020. This was the largest outlay of a three-year program, through which Ahold Delhaize aims to invest an estimated \$480 million to acquire warehouse facilities and fully integrate them into a self-distribution model.

At the end of 2021, Ahold Delhaize brands operated 7,452 stores. These include 71 stores acquired from Southeastern Grocers in the U.S. and 38 stores acquired from DEEN in the Netherlands. The Company's total sales area amounted to 9.7 million square meters in 2021, an increase of 2.1% over the prior year.

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

	Opening balance	Opened/acquired	Closed/sold	Closing balance
The United States	1,970	80	(2)	2,048
Europe	5,167	278	(41)	5,404
Total number of stores	7,137	358	(43)	7,452

	2021	2020	Change versus prior year
Number of stores operated by Ahold Delhaize	5,553	5,344	209
Number of stores operated by franchisees	1,899	1,793	106
Number of stores operated	7,452	7,137	315

Franchisees operated 1,899 stores in the Netherlands, Belgium, Luxembourg and Greece.

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

	2021	2020	Change versus prior year
The United States	1,389	1,121	268
Of which: click and collect	1,386	1,116	270
Europe	253	298	(45)
Total	1,642	1,419	223

At the end of 2021, Ahold Delhaize operated 1,642 pick-up points, which was 223 more than in 2020. These are either stand-alone, in-store or office-based, and include 1,386 click-and-collect points in the United States.

Group review**CAPITAL INVESTMENTS AND PROPERTY OVERVIEW**

Ahold Delhaize also operated the following other properties as of January 2, 2022:

Warehouse/distribution centers/production facilities/offices	168
Properties under construction/development	126
Investment properties	746
Total	1,040

The investment properties consist of buildings and land. The vast majority of these properties were subleased to third parties. Of these, the majority 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 6,180 in 2021. This total includes 614 stores sub-leased to franchisees and 13 pick-up points in stand-alone locations. Ahold Delhaize also operates 223 gas stations in the premises of some of the group's stores. The total number of retail locations owned or leased increased by 278 compared to 2020.

The following table breaks down the ownership structure of our 6,180 retail locations (inclusive of stores subleased to franchisees) and 1,040 other properties as of January 2, 2022.

	Retail locations	Other properties
Company owned % of total	20%	51%
Leased % of total	80%	49%

Group review

EARNINGS AND DIVIDEND PER SHARE

Income from continuing operations per common share (basic) was €2.18, an increase of €0.87, or 66.8% compared to 2020. The main driver of this increase was the restructuring charges incurred in 2020 due to the withdrawal and settlement agreements relating to U.S. multi-employer pension plans. The decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2021 provided a further contribution (see [Note 21](#) to the consolidated financial statements for more information on the share movements). Underlying income from continuing operations per common share (diluted) was €2.19, a decrease of €0.08, or 3.4%, compared to 2020, driven by a lower underlying operating margin.

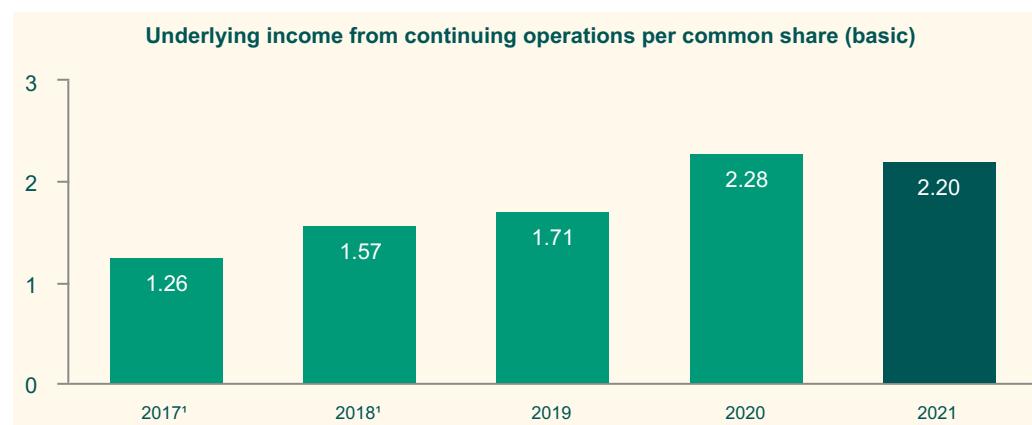
Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. Underlying income from continuing operations for 52 weeks amounted to an estimated €2,262 million in 2021 and €2,358 million in 2020 (or €2,427 on a 53-week basis in 2020). As part of our dividend policy, we adjust income from continuing operations as follows:

€ million	2021 (based on 52-weeks)	2020 (based on 53-weeks)
Income from continuing operations	2,246	1,397
Adjusted for:		
Impairment losses and reversals – net	61	48
(Gains) losses on leases and the sale of assets – net	(76)	(57)
Restructuring and related charges and other items	26	1,413
Unusual items in net financial expense	—	—
Tax effect on adjusted and unusual items	6	(373)
Underlying income from continuing operations	2,262	2,427
Income from continuing operations per share attributable to common shareholders	2.18	1.31
Underlying income from continuing operations per share attributable to common shareholders	2.20	2.28
Diluted underlying income per share from continuing operations	2.19	2.26

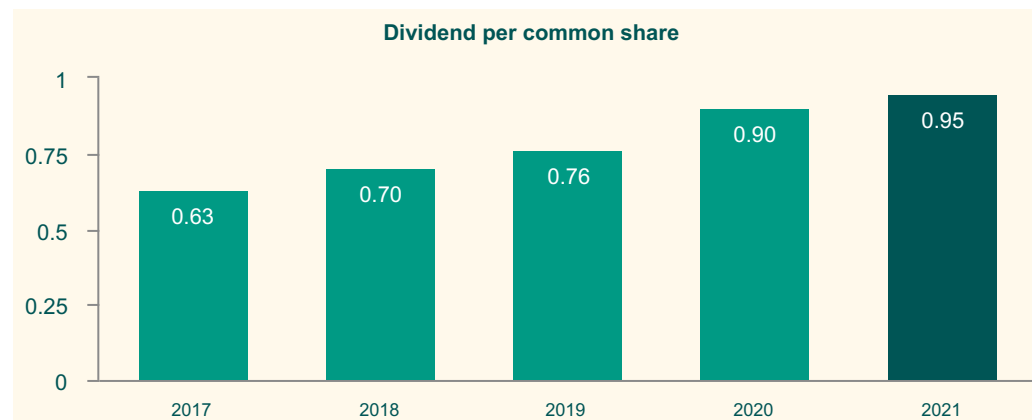
We propose a cash dividend of €0.95 per share for the financial year 2021, an increase of 5.6% compared to 2020, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 42% of underlying net income from continuing operations for 52 weeks.

If approved by the General Meeting of Shareholders, a final dividend of €0.52 per share will be paid in April 2022. This is in addition to the interim dividend of €0.43 per share, which was paid in September 2021. The estimated total dividend payment for the full year 2021 would, therefore, total €961 million.

See [Information about Ahold Delhaize shares](#) for further details.



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



Group review

FINANCIAL REVIEW BY SEGMENT

KEY FINANCIAL AND NON-FINANCIAL INFORMATION

The key financial and non-financial information per region for 2021, 2020, 2019 and 2018 is presented below:

	The United States				Europe			
	2021	2020	2019	2018 restated ⁴	2021	2020	2019	2018 restated ⁴
Net sales (€ millions)	45,455	45,470	40,066	37,460	30,147	29,266	26,194	25,331
Net sales (\$ millions)	53,699	51,838	44,841	44,174				
Of which: online sales (€ millions)	3,228	1,968	985	751	4,477	3,579	2,508	2,066
Of which: online sales (\$ millions)	3,814	2,259	1,101	866				
Net sales growth in local currency	3.6%	15.6%	1.5%	1.9%	2.8%	12.1%	3.5%	3.4%
Comparable sales growth ¹	2.6%	13.3%	1.1%	2.3%	2.8%	9.5%	2.7%	2.8%
Comparable sales growth (excluding gasoline sales) ¹	1.9%	14.4%	1.4%	2.1%	2.8%	9.6%	2.7%	2.8%
Net consumer online sales (€ millions)	3,228	1,968	985	751	7,173	5,608	3,562	2,743
Net consumer online sales (\$ millions)	3,814	2,259	1,101	886				
Operating income (€ millions)	2,231	1,006	1,668	1,633	1,209	1,380	1,140	1,123
Operating income (\$ millions)	2,631	1,064	1,867	1,924				
Underlying operating income (€ millions)	2,150	2,466	1,712	1,699	1,306	1,325	1,205	1,164
Underlying operating income (\$ millions)	2,543	2,789	1,916	2,002				
Underlying operating margin	4.7%	5.4%	4.3%	4.5%	4.3%	4.5%	4.6%	4.6%
Number of employees/headcount (at year-end in thousands)	239	239	215	207	174	175	165	165
Number of employees/FTEs (at year-end in thousands) ²	160	158	143	136	99	91	88	88
Contribution to Ahold Delhaize net sales	60.1%	60.8%	60.5%	59.7%	39.9%	39.2%	39.5%	40.3%
Contribution to Ahold Delhaize underlying operating income ³	62.2%	65.0%	58.7%	59.3%	37.8%	35.0%	41.3%	40.6%

¹ For the year 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 99,000 FTEs in Europe in 2021 (2020: 91,000; 2019: 88,000; 2018: 88,000) are 40,000 FTEs in the Netherlands (2020: 32,000; 2019: 31,000; 2018: 32,000 FTEs).

³ Before Global Support Office costs.

⁴ 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases.

Financial review by segment

THE UNITED STATES

Net sales

€45.5bn

2020: €45.5bn 0.0% vs. 2020



Comparable sales growth (excluding gasoline sales)

1.9%

Operating income

€2,231mln

2020: €1,006mln 121.8% vs. 2020



Underlying operating income

€2,150mln

2020: €2,466mln (12.8)% vs. 2020



Underlying operating margin

4.7%

2020: 5.4% (0.7) pp vs. 2020



Net consumer online sales

€3,228mln

2020: €1,968mln 64.0% vs 2020



¹ At constant rates.

€ million	2021	2020	Change versus prior year	% change	% change at constant rates
Net sales	45,455	45,470	(15)	0.0%	3.6%
Of which online sales	3,228	1,968	1,260	64.0%	68.9%
Comparable sales growth	2.6%	13.3%			
Comparable sales growth excluding gasoline	1.9%	14.4%			
Operating income	2,231	1,006	1,225	121.8%	147.4%
Adjusted for:					
Impairment losses and reversals – net	48	27	21		
(Gains) losses on leases and the sale of assets – net	(49)	(20)	(29)		
Restructuring and related charges and other items	(80)	1,454	(1,534)		
Underlying operating income	2,150	2,466	(316)	(12.8)%	(8.8)%
Underlying operating income margin	4.7%	5.4%			

Net sales overview on a pro forma basis	2021	2020	Change versus prior year	% change	% change at constant exchange rates
€ million	(52 weeks)	(52 weeks)			
The United States	45,455	44,673	782	1.7%	5.6%

Financial year 2021 consisted of 52 weeks, while 2020 consisted of 53 weeks. Net sales in 2020 were positively impacted by the additional week, while the impact on operating margin was negligible.

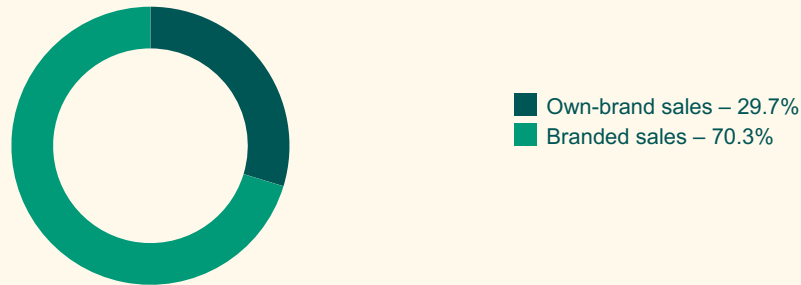
In 2021, net sales were €45,455 million, down by €15 million or 0.0% compared to 2020. At constant exchange rates, net sales were up by 3.6%. Sales growth was positively impacted the acquisitions of FreshDirect and 71 stores from Southeastern Grocers, COVID-19 and inflation, and negatively affected by one fewer week of sales in 2021 compared to 2020. The additional week of sales in 2020 amounted to €798 million.

Online sales were €3,228 million, up by 68.9% compared to the prior year at constant exchange rates. On a comparable 52-week basis, online sales grew by 73.7% in 2021, at constant exchange rates. The increase versus last year was primarily driven by the pandemic, as consumers' intent to shop online continued to increase. The launch of 270 additional click-and-collect points helped the brands capture sales from this channel, along with a further strengthening of partnerships with third-party delivery services, the acquisition of the FreshDirect online grocery delivery service and the expansion of e-commerce offerings across the U.S. brands.

Financial review by segment THE UNITED STATES

The Ahold Delhaize USA brands are enhancing their strong value propositions by leveraging their leading own-brand offerings. In 2021, own-brand sales as a percentage of total sales was 29.7%.

Own-brand sales



Within the different overall sales categories, the relative share of fresh, pharmacy and gas in the total sales increased, while the share of non-perishable and non-food decreased.

Net sales by category



Comparable sales excluding gasoline for the segment increased by 1.9%, with much of the growth attributed to COVID-19 and increased pandemic-related governmental aid, such as the Supplemental Nutrition Assistance Program (SNAP), which shifted volume from the out-of-home channel to grocery. In addition, sales in the U.S. benefited this year from the continuous growth of Food Lion, including the additional 71 stores acquired from Southeastern Grocers, as well as the acquisition of FreshDirect. Two-year stack comparable sales for Ahold Delhaize USA grew by 16.3% in 2021.

Operating income increased by €1,225 million, or 121.8%, compared to 2020. Underlying operating income was €2,150 million and is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: in 2021, impairment charges amounted to €48 million, versus €27 million in 2020. In 2021, the impairments related primarily to investment properties and underperforming stores at Stop & Shop. The impairments in 2020 related primarily to Stop & Shop's and Food Lion's underperforming stores and investment properties at Giant Food.
- (Gains) losses on leases and the sale of assets – net: In 2021, this total net gain was €49 million, mainly related to the sale of land (in Allston, Massachusetts), the sale of pharmacy scripts, lease terminations (location in the Bronx) and new subleases. In 2020, gains were recorded from sublease activity and the sale of investment property and miscellaneous equipment.
- Restructuring and related charges and other items: in 2021 we incurred income of €80 million. The income resulted from a partial release of the defined benefit obligation of the FELRA and MAP related to the American Rescue Plan Act (see *Note 24*). It was partly offset by the costs related to the acquisition of stores from Southeastern Grocers and FreshDirect, additional costs related to Hurricane Ida and charges related to Stop & Shop's early retirement incentive offered to employees. In 2020, these charges mainly related to Stop & Shop's and Giant Food's withdrawal and settlement agreements from multi-employer plans.

In 2021, underlying operating income was €2,150 million, down by €316 million or 12.8% compared to last year. At constant exchange rates, underlying operating income decreased by 8.8%.

The United States' underlying operating income margin in 2021 was 4.7%, down 0.7 percentage points compared to 2020. The 2021 sales were positively affected by COVID-19, while supply chain costs were impacted negatively by supply chain challenges in the U.S. Operating income was further affected by inflationary pressure, lower labor productivity and higher facility transition costs from C&S to our integrated supply chain network.

Financial review by segment THE UNITED STATES

Growth drivers in action



Drive omnichannel growth

The Ahold Delhaize USA brands continue to invest into omnichannel development and expand their geographic coverage. Ahold Delhaize completed the FreshDirect acquisition this year; adding this leading local online brand will help us reach additional customers in the New York trade area and further propel our omnichannel evolution. We also finalized the acquisition of 71 stores from Southeastern Grocers, helping us maintain our leading position in Food Lion's market area. Stop & Shop and Food Lion are progressing with store remodeling programs and our U.S. brands continue to focus on local supplier partnerships and loyalty programs.

Our brands keep investing in infrastructure to support the growth of e-commerce. Ahold Delhaize USA's supply chain transformation program will help accommodate increasing demand and leverage scale. This year, our U.S. brands reached close to 1,400 click-and-collect points and plan to expand to 1,500 click-and-collect points by the end of 2022.

The U.S. brands leveraged their "connected customer" strategy, utilizing technology and making shopping faster, more convenient and personalized. They achieved +56% growth in digital customers and 69% online sales growth in 2021. The GIANT Company also rolled out the Flashfood app across all stores.



Elevate healthy and sustainable

During the year, the U.S. brands unveiled new health and sustainability goals as part of a purpose-driven strategy to enable customers to make healthier choices, create greater product transparency, eliminate waste and take bold climate action, in support of developing a more sustainable food supply chain.

As part of this, the brands partnered with HowGood to bring customers an easy-to-use environmental and social impact rating system.

The brands continued to focus on eliminating hunger and food waste through partnerships with Feeding America, together committing to donate two billion meals through food rescue programs and donations.

Hannaford became the first large-scale supermarket chain in the northeast United States to achieve zero food waste to landfills.

The U.S. brands also continued to implement energy efficiency measures, such as LED lighting and improved refrigeration systems. They installed electric vehicle charging stations at several stores and plan to increase the number of these stations in coming years.



Cultivate best talent

With a focus on our D&I aspiration: 100% Gender Balanced, 100% Reflective of Markets, 100% Inclusive, our great local brands made remarkable steps on this journey during 2021.

For example, ADUSA Supply Chain is putting a renewed focus on the people at the heart of their businesses and how they cultivate a diverse, equitable and inclusive environment where all associates can thrive.

They leveraged a diversity, equity and inclusion (DE&I) maturity model to craft their strategy and anticipate progress towards more mature positions over the next three years. Leaders are actively engaged in DE&I work and engaging associates in discussion around these topics. In addition, ADUSA Supply Chain has robust sponsorship and mentorship programs in place and is leveraging DE&I data to drive progress.

In addition, the U.S. brands transitioned over 131,000 associates to SAP SuccessFactors 2, a unified HR and payroll platform during the year. They follow our businesses in the Netherlands, which transferred around 100,000 associates onto a unified platform in 2020.



Strengthen operational excellence

Ahold Delhaize USA is nearing the end of its three-year supply chain transformation journey. The network is now 65% self-managed, compared to 40% in 2019, and the team is on schedule to reach 85% in 2022. Ahold Delhaize USA is also building new facilities in key geographies to support the brands efficiently and effectively. By the end of 2022, the network will include 25 distribution centers and food processing facilities, 28 e-commerce fulfillment centers and 1,500 click-and-collect locations.

Highlights in 2021 were the opening of a state-of-the-art e-commerce fulfillment center by The GIANT Company and the opening of a one-million-square-foot distribution center in Connecticut that will enhance the supply to more than 450 Stop & Shop stores and e-commerce centers. The U.S. brands are on track to open two new fully automated frozen facilities next year.

As the U.S. brands expand, they deploy key technology capabilities, including robotics, machine learning, vertical integration and other technology solutions that boost efficiency and ultimately result in the faster delivery of fresher products to customers.

Financial review by segment

EUROPE

Net sales

€30.1bn

2020: €29.3bn 3.0% vs. 2020



Comparable sales growth (excluding gasoline sales)

2.8%

Operating income

€1,209mIn

2020: €1,380mIn (12.4)% vs. 2020



Underlying operating income

€1,306mIn

2020: €1,325mIn (1.4)% vs. 2020



Underlying operating margin

4.3%

2020: 4.5% (0.2) pp vs. 2020



Net consumer online sales

€7.2bn

2020: €5.6bn 27.9% vs. 2020



¹ At constant rates.

€ million	2021	2020	Change versus prior year	% change	% change at constant rates
Net sales	30,147	29,266	881	3.0%	2.8%
Of which online sales	4,477	3,579	898	25.1%	25.1%
Net consumer online sales	7,173	5,608	1,565	27.9%	27.9%
Comparable sales growth	2.8%	9.5%			
Comparable sales growth excluding gasoline	2.8%	9.6%			
Operating income	1,209	1,380	(171)	(12.4)%	(12.6)%
Adjusted for:					
Impairment losses and reversals – net	13	21	(8)		
(Gains) losses on leases and the sale of assets – net	(21)	(37)	16		
Restructuring and related charges and other items	106	(39)	145		
Underlying operating income	1,306	1,325	(19)	(1.4)%	(1.5)%
Underlying operating income margin	4.3%	4.5%			
Net sales overview on a pro forma basis					
€ million	2021	2020	Change versus prior year	% change	% change at constant exchange rates
	(52 weeks)	(52 weeks)			
Europe	30,147	28,879	1,268	4.4%	4.2%

Financial year 2021 consisted of 52 weeks, while 2020 consisted of 53 weeks. Net sales in 2020 were positively impacted by the additional week, while the impact on the operating margin was negligible. The additional week of sales in 2020 amounted to €387 million.

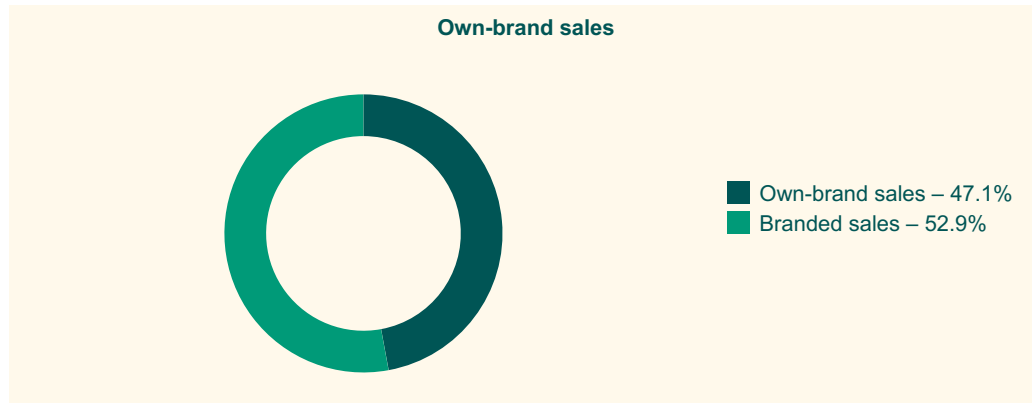
Net sales in 2021 were €30,147 million, up by €881 million or 3.0% compared to 2020. At constant exchange rates, net sales were up by 2.8%. Sales growth was driven by the increased demand related to COVID-19, the acquisition of 38 DEEN stores in the Netherlands and by strong execution of our distribution and store operations. In Europe, the pandemic has had a more mixed impact on the different brands compared to our brands in the United States, and the effect of COVID-19 has been more balanced, with additional sales matching the related costs.

Online sales were €4,477, up by 25.1% compared to last year, mainly driven by the strong performance of our online brands, bol.com and ah.nl. Bol.com experienced strong net consumer online sales growth of 26.6% in 2021. This growth comes on top of the very high growth of 56.8% in 2020. The brand's business in Belgium and its third-party platform – which currently offers a marketplace to more than 48,500 Plaza partners in the Netherlands and Belgium – remain important growth drivers. Other brands also saw a rapid growth in online sales, partially driven by higher demand due to COVID-19, complementing the total online sales growth.

Financial review by segment

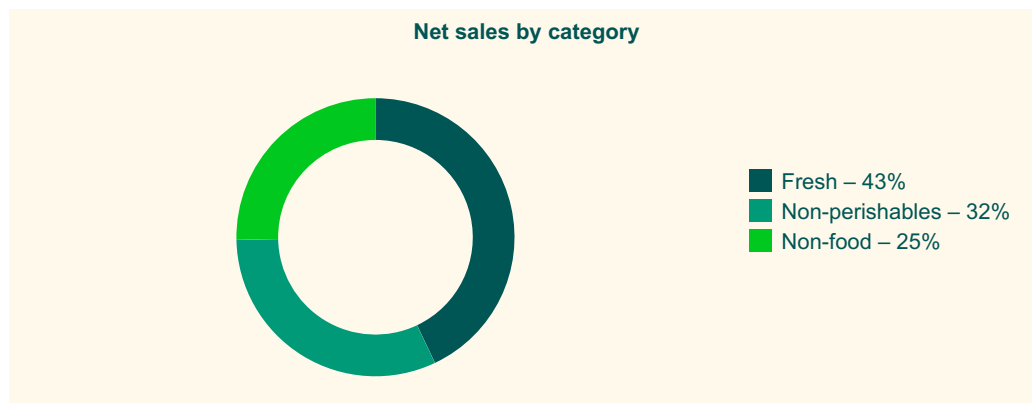
EUROPE

We have a relatively high own-brand share across Europe, which has enabled our brands to offer value to customers during the current period of heightened insecurity, characterized by higher unemployment and tightening consumer wallets. In 2021, own-brand sales comprised 47.1% of total sales.



Within the different overall sales categories, the relative share of non-perishables and non-food increased, the share of gas remained the same, and the share of fresh food decreased as a percentage of total sales.

Comparable sales excluding gasoline increased by 2.8%, mainly driven by higher volumes related to COVID-19 and strong online sales. Across Europe, we saw strong comparable sales growth excluding gasoline, with bol.com, Albert Heijn and the Czech Republic as the largest contributors. Two-year stack comparable sales for our Europe segment grew by 12.3% in 2021.



Operating income decreased by €171 million, or 12.4%, to €1,209 million, affected by the following items that Ahold Delhaize adjusts to arrive at underlying operating income:

- Impairment losses and reversals – net: In 2021, impairment charges amounted to €13 million, mainly related to underperforming stores in Greece, the Czech Republic, and the Netherlands. In 2020, impairment charges were mainly related to underperforming stores in the Czech Republic, Greece and Romania.
- (Gains) losses on leases and the sale of assets – net: In 2021, this total net gain was €21 million, mainly related to the Netherlands (€8 million) and the Czech Republic (€8 million). In 2020, results were mainly related to a sale and partial leaseback in Belgium (€18 million) and the Czech Republic (€17 million).
- Restructuring and related charges and other items: In 2021, the charges amounted to €106 million, and included one-off items mainly related to restructuring and settlements in the Netherlands (€36 million) and in Belgium (€66 million). In 2020, charges included one-off items at various brands mainly related to restructurings and settlements and were more than offset by a €105 million income related to the pension plan amendment in the Netherlands.

In 2021, underlying operating income in Europe was €1,306 million, down by €19 million, or 1.4%, compared to 2020. Underlying operating margin in Europe was 4.3% in 2021, down 0.2 percentage points compared to 2020. In Europe, some of our brands, including those in Romania and our brands' convenience formats (Albert Heijn to go and Shop & Go), were negatively impacted by COVID-19 to a greater extent, suffering from decreased traffic, the absence of tourists and the trend of people moving from the city to the countryside during lockdown periods. Margins were mainly impacted by higher underlying operating expenses, particularly driven by higher labor, operational and administrative expenses related to COVID-19. To a lesser extent, margins were negatively impacted by the floods in Belgium. This was partly offset by better gross margins driven by lower cost of product and savings from our Save for Our Customers program.

Our net sales in Europe 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.

Financial review by segment EUROPE

Growth drivers in action



Drive omnichannel growth

Our European brands are leveraging technology to strengthen their ecosystem, accelerate the personalized omnichannel experience to increase customer loyalty, and provide growth opportunities and new income streams.

We are offering innovative loyalty programs throughout our European brands; for example, SuperPlus at Delhaize, through which more than two million consumers get discounts and rewards when buying healthy products and Albert Heijn's new premium subscription program.

We are making great progress in expanding our delivery services. For example, Albert Heijn rolled out its no-fee home delivery "Compact" service to additional markets, and Mega Image and Alfa Beta are piloting fast delivery.

Albert Heijn completed the acquisition of 38 DEEN stores and remodeled approximately 60 stores to its new fresh and technology-focused format. In addition, bol.com added roughly 7,500 merchants in 2021, bringing the total to more than 48,500 merchant partners.



Elevate healthy and sustainable

We have made great progress in elevating healthy and sustainable throughout our European brands in 2021.

For example, according to the Sustainable Brand Index™, Albert Heijn was named the most sustainable supermarket chain in the Netherlands for the fifth time in a row. In the Czech Republic, Albert was recognized as the market leader for its wide range of organic products.

To minimize product packaging, the Albert store in Chodov gives customers the choice to use reusable, smart, closable containers for purchasing unwrapped drugstore items and toiletries, such as soap, shampoo, washing powder, baking soda, detergents and several different cleaning agents.

Alfa Beta installed more than 350 charging stations at its stores so customers can charge their electric cars while doing their grocery shopping.

Lastly, bol.com began utilizing a multi-packaging machine that saves packaging material, leading to fewer delivery trips and reducing the brand's overall CO₂ emissions.



Cultivate best talent

The acquisition of DEEN led to the expansion of Albert Heijn and welcomed 4,700 new associates in the Netherlands. Colleagues across functions worked hard to ensure a smooth onboarding of new associates by working on contracts, organizing master classes, making technical changes to the system, and much more – all in addition to handling the regular onboarding of associates within the brand.

To create a more welcoming and inclusive workplace, several European brands rolled out the Young Ahold Delhaize Business Resource Group to inspire and promote fun events that contribute to the development of young team members. For example, AB in Greece launched the Young Alfa Beta group, which already has about 200 members. This Business Resource Group is aimed at building a network for young associates to encourage engagement and empowerment, generate fresh ideas and innovations, empower diversity and inclusion, support the development of key skills and mindsets, enable members to engage with leaders, and hopefully become a magnet for recruiting new talent.



Strengthen operational excellence

Our brands are continuously exploring opportunities to drive synergies and scale across Europe. For example, in 2021, our Benelux brands rolled out four sourcing partnerships in fresh categories that will lead to around €18 million of savings per year.

The European brands have strategic initiatives in place to gain more scale benefits from sourcing through joint negotiations and (regional) own-brand ranges.

To continuously simplify and improve operational processes, the brands rolled out more than 400 Robotics Process Automation units (RPAs), launched chat bots, experimented with native language generation and piloted automated cleaning technologies in stores and warehouses.

The brands are improving productivity through automation and standardization. For example, they have activated a harmonized merchandising optimization program, focused on standardizing commercial tooling and insights within our European brands. They are further standardizing back-office processes and procurement of not-for-resale products.

Our brands continue to share best practices; for example, Alfa Beta implemented Albert Heijn's dry misting solution to keep produce fresh in its stores.

Financial review by segment

GLOBAL SUPPORT OFFICE

€ million	2021	2020	Change versus prior year	% change
Global Support Office costs	(119)	(195)	76	(39.0)%
(Gains) losses on leases and the sale of assets – net	6	—	6	NM
Restructuring and related charges and other items	—	2	(2)	NM
Underlying Global Support Office costs	(125)	(197)	72	(36.5)%
of which related to self-insurance activities	35	(39)	74	NM
Underlying Global Support Office costs excluding self-insurance	(160)	(158)	(2)	1.1%

Global Support Office costs in 2021 were €119 million, down €76 million compared to the prior year, driven by a better insurance result of €74 million. Due to COVID-19, there was a significant drop in the discount rates as of March 2020. In 2021, the discount rates are slowly recovering to pre-COVID-19 levels.

Underlying Global Support Office costs were €125 million, €72 million lower than 2020. The €74 million increase in self-insurance activities was the result of a significant increase in discount rates. Underlying Global Support Office costs excluding self-insurance were €160 million, up €2 million versus last year.

Financial review by segment GLOBAL SUPPORT OFFICE

Growth drivers in action



Drive omnichannel growth

In 2021, we built capabilities to support our brands in building a better omnichannel customer experience, optimizing the businesses and unlocking additional income streams. This will create a virtuous circle that keeps improving our brands' proposition to customers. As we continue our omnichannel and digital transformation, these capabilities will unlock significant new opportunities in areas like automation, loyalty, personalization, and new services and increased relevancy for the brands' customers.

In addition, to deliver towards our long-term e-commerce ambition, in 2021, we moved from an incremental view of e-commerce profitability to a fully allocated one, with a global standard profit and loss statement across all the brands for full comparability, best-practice sharing and a clear roadmap towards our ambitious goal.



Elevate healthy and sustainable

During 2021, we continued to increase our focus on environmental, social and governance topics. We updated our Healthy and Sustainable strategy, working towards healthier people and a healthier planet. We announced plans to reduce our carbon emissions further and become net zero for scope 1 and 2 by 2040 and for scope 3 by 2050. We increased our ambition on healthy own-brand sales to over 55% by 2025 and remain focused on further reducing food waste and increasing the percentage of recyclable, re-usable and / or compostable own-brand plastic product packaging.

To make sure we are able to measure performance on our targets and commitments in an effective and efficient way, we investigated how we can improve the data collection processes within our brands and at group level. We held several workshops with the brands to identify improvements on KPI level, with the goal to ensure Ahold Delhaize and each brand can better steer and further improve ESG performance.

In the coming years, we will continue to implement the opportunities for improvement we have identified.



Cultivate best talent

Within the Ahold Delhaize brands and businesses, 41% of the workforce is part of Gen Z, and there is a lot to learn from this generation. As leaders, we are striving to support our Gen Z associates and involve them more in our decision-making processes.

We recently invited Dr. Eveline Crone, thought leader on Gen Z, to be a keynote speaker at our Ahold Delhaize Leadership event. She shared insights on this generation that we transformed into actionable steps. At the Global Support Office, we started a pilot that aims to train and equip our leaders to feel comfortable having conversations about mental well-being with their teams, while helping associates to get further insights into their own mental health through a self-screening tool. See more information in [COVID-19: Impact and our response](#).



Strengthen operational excellence

In 2021, our Global Technology Sourcing & Vendor Management team leveraged Ahold Delhaize's scale through synergies on technology-related purchases across our brands and businesses.

The team achieved significant cost reduction by eliminating the duplication of maintenance and support costs across different enterprise technology vendor portfolios.

They were also able to drive down costs during the year by pursuing improved discounts, particularly in our cloud infrastructure footprint.

Performance review

OUTLOOK

SUMMARY

Below is a summary of the full-year outlook for 2022:

Performance measure	Outlook 2022
Underlying operating margin	At least 4%
Diluted underlying EPS growth	low- to mid-single-digit decline versus 2021
Save for Our Customers	>€850 million
Capital expenditures	~ €2.5 billion
Free cash flow ¹	~ €1.7 billion
Dividend payout ratio ^{2, 3}	40-50% and year-over-year increase in dividend per share
Share buyback ⁴	€1 billion

¹ Excludes M&A.

² Calculated as a percentage of underlying income from continuing operations.

³ Management remains committed to the share buyback and dividend program, but given the uncertainty caused by COVID-19, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity.

CONTINUED SALES GROWTH EXPECTED IN 2022

COVID-19 is having lasting effects on consumer behavior, favoring more food-at-home consumption and increased online food penetration in comparison to pre-COVID-19 trends. Our omnichannel platform has played particularly well in this environment, enabling sales to grow in 2021 on top of an elevated 2020 sales base.

Given the strong levels of reinvestment we are making back into our business and omnichannel offerings, we forecast continued sales growth in 2022 and the years following. Our guidance calls for an incremental €10 billion of Group net sales through 2025 versus 2022, driven by our digital and online investments, the leveraging of our Benelux food/non-food ecosystem, and continued store remodeling activity.

MACRO-ECONOMIC INDICATORS SUPPORTIVE OF FOOD-AT-HOME DEMAND IN 2022

On a macro level, the International Monetary Fund (IMF) forecasts strong real GDP growth in both the U.S. and Europe during 2022 of 4.0% and 3.9%, respectively. This level of growth should translate into a good backdrop for our communities, as economic activity remains vibrant. However, consumers globally are contending with higher living expenses, as expressed by above average Consumer Price Index (CPI) rates, which in 2022 are forecasted by the IMF at +3.5% in the U.S. and +3.6% in Europe.

We continue to provide a strong range of offerings for consumers seeking value, given high own-brand penetration rates across our global brands. And with consumers' wallets being stretched by higher living costs, food-at-home demand is likely to remain strong in 2022 given its proposition as a cheaper alternative to eating outside of the home. This notion is supported by the USDA's 2022 forecast for CPI food-at-home inflation of +1.5% to +2.5% compared to projected food-away-from-home inflation of

+3.5% to +4.5%, suggesting that shopping in grocery stores is expected to become relatively more affordable versus restaurants in 2022.

OMNICHANNEL STRATEGY EXPANDS FURTHER IN 2022

Our approach to being a leading local omnichannel food retailer continues to serve us well; this was highlighted in 2021, when our broad-based e-commerce solutions enabled our brands to drive share gains, due in part to changes in the way consumers shop.

We believe a lot of this behavior will persist, and are continuing to make significant investments in our omnichannel proposition, which is reflected in our 2022 outlook.

Specifically, we expect further growth in our e-commerce business during 2022, and are targeting a mid-teens increase in group net consumer online sales.

At the same time, we will also continue to reinvest in our brands' brick-and-mortar store locations. For example, Stop & Shop has plans to remodel an additional 40 stores in 2022 as part of the Reimagine Stop & Shop program.

OPERATIONAL EXCELLENCE TO DRIVE SUSTAINED INDUSTRY-LEADING MARGINS IN 2022

In 2022, we expect to sustain our industry-leading underlying operating margins of at least 4%. This outlook reflects a balanced approach with cost savings largely offsetting cost pressures.

After achieving cumulative savings of more than €2.5 billion over the past three years, our Save for Our Customers program is expected to yield a cumulative €4.0 billion in cost savings over the next four years. In 2022, savings are forecasted at above €850 million, and will be driven by our initiatives in joint sourcing, automation as well as data and media monetization, among others.

In the U.S., we are continuing to improve our supply chain capabilities by moving towards a fully integrated, self-distribution model in 2023. We are progressing on schedule, with 65% of our center-store volume currently self distributed, and 85% self distribution expected to be reached in 2022.

In Europe, we expect to have electronic shelf labelling at more than 80% of our brands' supermarkets by the end of 2022, allowing us to gain efficiencies and aid profitability. Additionally, we continue to identify opportunities to drive synergies and scale across Europe related to product sourcing.

We plan on improving online profit margins in 2022, as part of our ambition to make e-commerce profitable on a fully allocated channel basis by 2025. In Q4 2021, The GIANT Company opened a new e-commerce fulfillment center in the Philadelphia market as part of our brands' initiatives to drive growth and efficiencies in online operations.

These and other factors support our margin outlook.

Performance review OUTLOOK

STRONG FREE CASH FLOW GENERATION EXPECTED IN 2022

Our performance outlook for 2022 translates into another round of strong cash flow generation, which is reflected in our free cash flow forecast of approximately €1.7 billion¹. This comes as our Save for Our Customers program allows us to continuously improve our consumer value proposition and reinvest back into our omnichannel platform, to improve our digital and e-commerce capabilities and optimize our brick-and-mortar store and supply chain network. We expect our free cash flow generation to remain strong over the upcoming years as well, and are forecasting €6.0 billion in cumulative free cash flows over the four-year period from 2022 to 2025.

¹ Free cash flow and capital expenditure guidance expressly excludes M&A activity.

CAPITAL EXPENDITURE OF APPROXIMATELY €2.5 BILLION

We anticipate 2022 net capital expenditures of €2.5 billion versus €2.3 billion in 2021, with increased investments into our digital and online capabilities, as well as our healthy and sustainable initiatives. Over the next four years, we will maintain strong levels of reinvestment back into our businesses, with net capital expenditures expected to average 3.5% of sales.

RETURNING CAPITAL TO SHAREHOLDERS CONTINUES

The strong level of free cash flow embedded in our 2022 outlook supports our €1 billion share repurchase authorization announced in November 2021, 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 €0.95 for the financial year 2021, an increase of 5.6% compared to 2020. If approved by the General Meeting of Shareholders, a final dividend of €0.52 per share will be paid on April 28, 2022. This is in addition to the interim dividend of €0.43 per share, which was paid on September 2, 2021.

CULTIVATE BEST TALENT TARGETS

The growth driver Cultivating best talent remains a strategic focus, as we believe the proper development and engagement of associates ultimately drives good returns for the business. It is also helping us address ESG topics that include: diversity and inclusion and associate safety, health and well-being. In 2022, we target the following metrics: an associate engagement score of 80% or greater; and an inclusive workplace score of 79% or greater. Over the course of 2022, we will adapt the associate engagement indices to better align with the brands' needs.

WE PLAN TO MAKE CONTINUED PROGRESS ON OUR ESG INITIATIVES IN 2022

In addition to our formal financial outlook, during 2022, we expect to continue to make progress on our Healthy and Sustainable strategy, for which the importance continues to increase throughout our organization. In 2022, we plan to make continued progress on increasing the percentage of own-brand healthy sales, further reduce food waste and reduce scope 1 and 2 carbon emissions in line with the commitment to become net zero for scope 1 and 2 carbon emissions by 2040. We strive towards continued improvements in diversity and inclusion, and doing our part to protect human rights.

We will continue to elevate our healthy and sustainable platform in 2022, and are targeting a 54.2% penetration rate of healthy own-brand sales; an 18% reduction in food waste; and a reduction in CO₂ emissions in line with our net-zero ambition. In 2022, we will continue to work on a detailed plan for our scope 3 carbon-equivalent emissions and work to increase the percentage of reusable, recyclable or compostable own-brand primary plastic product packaging as well as a more robust approach to sustainable agriculture.

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

Performance indicator description	2022 target	2025 target	2030 target
% of healthy own-brand food sales as a proportion of total own-brand food sales	54.2%	>55%	
Reduction in tonnes of food waste per food sales (t/€ million) against 2016 baseline	18%	32%	50%
% own-brand primary plastic product packaging that is reusable, recyclable or compostable		100%	
Absolute CO ₂ -equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) against 2018 baseline			50%
% reduction in absolute CO ₂ -equivalent emissions from our value chain (scope 3) against 2018 baseline			15%

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.otcmarts.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

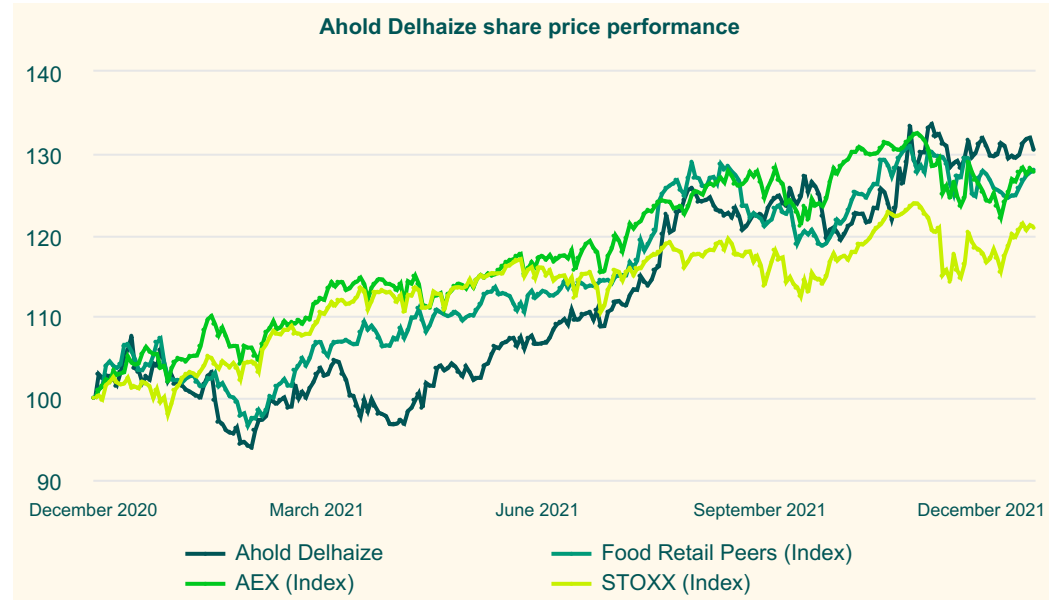
J.P. Morgan (the Depository) acts as the depository bank for Ahold Delhaize's ADR program. Please also see [Contact information](#) for details on how to contact J.P. Morgan regarding the ADR program.

SHARE PERFORMANCE IN 2021

On December 31, 2021, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €30.14, a 30.4% increase compared to €23.11 on December 31, 2020. During the same period, the Euro STOXX 50 index increased by 21.0% and the AEX index increased by 27.7%.

During 2021, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €25.98 and an average daily trading volume of 3.1 million shares. Ahold Delhaize's market capitalization was €30.5 billion at year-end 2021. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €30.86 on November, 23, 2021, and the lowest was €21.72 on March 3, 2021.

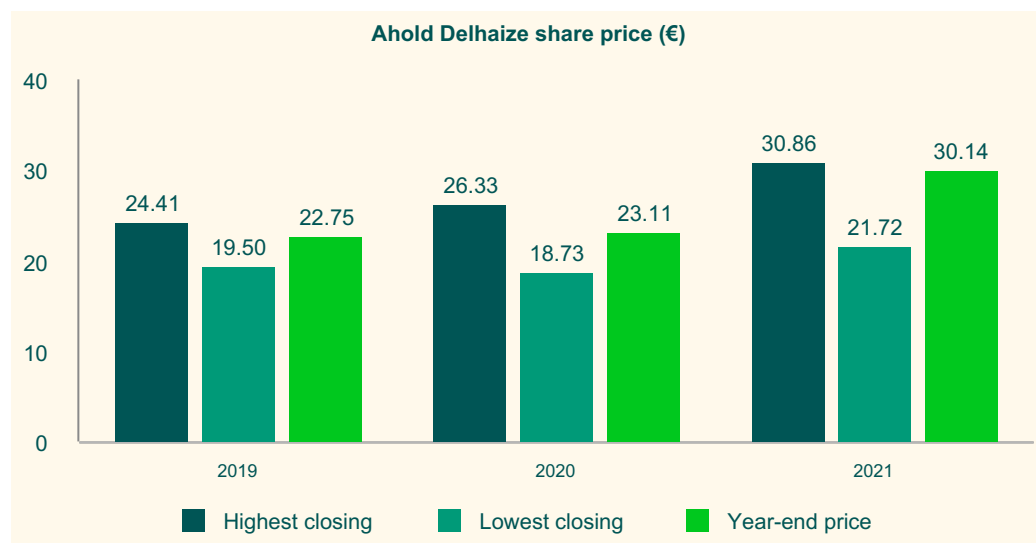
The complete list of the select peer group includes: Walmart Inc., Kroger Co., Tesco Plc., Costco Wholesale Corporation, Carrefour SA, J Sainsbury Plc., Target Corporation, Albertsons Companies, Inc and Casino SA. The chart represents the performance of Ahold Delhaize shares along with the AEX, Euro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



On December 31, 2021, the closing price of Ahold Delhaize's ADR was 21.2% higher than the closing price on December 31, 2020 (\$28.28). In the same period, the Dow Jones Index increased by 18.7% and the S&P 500 increased by 26.9%. In 2021, the average daily trading volume of Ahold Delhaize American Depositary Receipts (ADRs) was 78,254.

Performance review

INFORMATION ABOUT AHOLD DELHAIZE SHARES



Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2021	2020
Closing common share price at calendar year-end (in €)	30.14	23.11
Average closing common share price (in €)	25.98	23.52
Highest closing common share price (in €)	30.86	26.33
Lowest closing common share price (in €)	21.72	18.73
Average daily trading volume	3,103,721	4,003,668
Market capitalization (€ million)	30,482	24,197

Source: FactSet

EARNINGS PER SHARE

During 2021, Ahold Delhaize realized a basic income from continuing operations per share of €2.18 and diluted income from continuing operations per share of €2.17. Basic underlying income from continuing operations was €2.20 per share, and diluted underlying income from continuing operations was €2.19 per share. This difference between our reported and underlying income from continuing operations is related to a net €16 million of one-time charges.

SHARE CAPITAL

During 2021, Ahold Delhaize's issued and outstanding share capital decreased by approximately 36 million common shares to 1,011 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on December 4, 2019, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 55 million to 1,046 million at the end of 2021. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of January 2, 2022, there were 34,387 thousand shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of January 2, 2022, 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 REGION¹:

%	January 2022	January 2021
U.K./Ireland	15.8	12.4
North America	28.0	32.0
Rest of Europe	9.8	9.5
France	7.3	6.6
The Netherlands ²	5.3	5.5
Rest of the world	3.4	4.5
Germany	5.5	5.3
Undisclosed ²	24.8	24.2

¹ Source: CMI2i.

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

Performance review

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, 2022, that hold an interest of 3% or more in the share capital of the Company¹.

- Koninklijke Ahold Delhaize N.V. – 3.05% shareholding (0% voting rights) disclosed on December 7, 2021
- P.E. Singer – 3.04% shareholding (3.04% voting rights) disclosed on November 15, 2021
- BlackRock, Inc. – 5.84% shareholding (6.99% voting rights) disclosed on August 23, 2021
- State Street Corporation – 3.49% shareholding (2.70% voting rights) disclosed on July 18, 2019

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 14, 2021, the General Meeting of Shareholders approved the dividend over 2020 of €0.90 per common share. The interim dividend of €0.50 per common share was paid on August 27, 2020. The final dividend of €0.40 per common share was paid on April 29, 2021.

We propose a cash dividend of €0.95 for the financial year 2021, an increase of 5.6% compared to 2020, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 42%, 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 €0.52 per share will be paid on April 28, 2022. This is in addition to the interim dividend of €0.43 per share, which was paid on September 2, 2021.

SHAREHOLDERS KEY PERFORMANCE INDICATORS 2017-2021

	2021	2020	2019	2018	2017
Dividend per common share ¹	0.95	0.90	0.76	0.70	0.63
Final dividend	0.52	0.40	0.46	0.70	0.63
Interim dividend	0.43	0.50	0.30	N/A	N/A
Dividend yield	3.2%	3.9%	3.3%	3.2%	3.4%
Payout ratio	42%	40%	44%	42%	47%

¹ 2021 dividend subject to the approval of the annual General Meeting of Shareholders.

Share buyback

On November 4, 2020, Ahold Delhaize announced it would return €1 billion to shareholders by means of a share buyback program, which was completed on December 13, 2021. An additional €1 billion share buyback program was announced on November 15, 2021, which is expected to be completed before the end of 2022. 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 cancelling all or part of the common shares acquired through the program.

Performance review

MULTIPLE-YEAR OVERVIEW

The multiple-year overview is provided for ten years; 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	2021	2020	2019	2018 restated ¹	2017 ¹	2016 ^{1,2}	2015 ¹	2014 ¹	2013 ¹	2012 ¹
Net sales	75,601	74,736	66,260	62,791	62,890	49,695	38,203	32,774	32,615	32,682
Of which online sales	7,704	5,547	3,493	2,817	2,393	1,991	1,646	1,267	1,086	830
Net sales growth at constant exchange rates ³	5.0%	12.3%	2.3%	2.5%	28.9%	32.3%	2.3%	0.8%	2.0%	3.6%
Operating income	3,320	2,191	2,662	2,623	2,225	1,584	1,318	1,250	1,239	1,336
Underlying operating income margin	4.4%	4.8%	4.2%	4.4%	3.9%	3.8%	3.8%	3.9%	4.2%	4.3%
Net financial expense	(517)	(485)	(528)	(487)	(297)	(541)	(265)	(235)	(291)	(208)
Income from continuing operations	2,246	1,397	1,767	1,797	1,817	830	849	791	805	869
Income (loss) from discontinued operations	—	—	(1)	(17)	—	—	2	(197)	1,732	46
Net income	2,246	1,397	1,766	1,780	1,817	830	851	594	2,537	915
Earnings and dividend per share										
Net income per common share (basic)	2.18	1.31	1.60	1.51	1.45	0.81	1.04	0.68	2.48	0.88
Net income per common share (diluted)	2.17	1.30	1.59	1.49	1.43	0.81	1.02	0.67	2.39	0.85
Income from continuing operations per common share (basic)	2.18	1.31	1.60	1.53	1.45	0.81	1.04	0.90	0.79	0.84
Income from continuing operations per common share (diluted)	2.17	1.30	1.59	1.51	1.43	0.81	1.02	0.88	0.77	0.81
Dividend per common share	0.95	0.90	0.76	0.70	0.63	0.57	0.52	0.48	0.47	0.44
Cash flows										
Free cash flow	1,618	2,199	1,843	2,165	1,926	1,441	1,184	1,055	1,109	1,051
Net cash from operating, investing and financing activities	(218)	(383)	535	(1,587)	827	2,114	73	(1,005)	681	(511)
Capital expenditures (including acquisitions) ⁴	5,776	4,456	3,604	2,838	1,822	16,775	1,172	1,006	843	1,876
Capital expenditures as % of net sales	7.6%	6.0%	5.4%	4.5%	2.9%	33.8%	3.1%	3.1%	2.6%	5.7%
Regular capital expenditures ⁵	4,187	4,448	3,512	2,772	1,723	1,377	811	740	830	929
Regular capital expenditures as % of net sales	5.5%	6.0%	5.3%	4.4%	2.7%	2.8%	2.1%	2.3%	2.5%	2.8%
Average exchange rate (€ per \$)	0.8461	0.8770	0.8934	0.8476	0.8868	0.9038	0.9001	0.7529	0.7533	0.7782

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

2 Included former Delhaize business as of July 24, 2016.

3 Net sales growth in 2021, 2020, 2016 and 2015 is adjusted for the impact of week 53 in 2020 and 2015. Net sales growth in 2021 and 2016 is calculated based on a 52-week comparison to 2020 and 2015 respectively. Net sales growth in 2020 and 2015 is calculated based on a 53-week comparison to 2019 and 2014, respectively.

4 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.

5 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets, excluding the impact from acquisitions. The amounts exclude discontinued operations.

Performance review

MULTIPLE-YEAR OVERVIEW

BALANCE SHEET AND OTHER INFORMATION

€ million, except for number of stores and otherwise indicated	January 2, 2022	January 3, 2021	December 29, 2019	December 30, 2018, restated ¹	December 31, 2017 ¹	January 1, 2017 ¹	January 3, 2016 ¹	December 28, 2014 ¹	December 29, 2013 ¹	December 30, 2012 ¹
Group equity	13,721	12,432	14,083	14,205	15,170	16,276	5,621	4,844	6,520	5,146
Share buyback ²	(995)	(1,001)	(1,002)	(1,997)	(998)	—	(161)	(1,232)	(768)	(277)
Gross debt	17,089	14,554	15,445	14,485	7,250	7,561	3,502	3,197	3,021	3,246
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	3,143	3,119	3,863	3,507	4,747	4,317	2,354	1,886	3,963	1,886
Net debt	13,946	11,434	11,581	10,978	2,503	3,244	1,148	1,311	(942)	1,360
Total assets	45,712	40,692	41,490	39,830	33,871	36,275	15,880	14,138	15,142	14,572
Number of stores ³	7,452	7,137	6,967	6,769	6,637	6,556	3,253	3,206	3,131	3,074
Number of employees (in thousand FTEs) ³	259	249	232	225	224	225	129	126	123	125
Number of employees (in thousands headcount) ³	413	414	380	372	369	370	236	227	222	225
Common shares outstanding (in millions) ²	1,011	1,047	1,088	1,130	1,228	1,272	818	823	982	1,039
Share price at Euronext (€)	30.14	23.11	22.75	22.07	18.34	20.03	19.48	14.66	13.22	10.16
Market capitalization ²	30,482	24,197	24,751	24,938	22,508	25,484	15,944	12,059	12,989	10,551
Year-end exchange rate (€ per \$)	0.8795	0.8187	0.8947	0.8738	0.8330	0.9506	0.9208	0.8213	0.7277	0.7566

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

2 In 2016 and 2014, an additional €1,001 million and €1,007 million, respectively, were returned to shareholders through a capital repayment.

3 At December 29, 2013, the number of stores and employees include discontinued operations (Slovakia).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

We provide five years of data, since, in 2016, the merger between Ahold and Delhaize was finalized. During 2016, all KPIs and targets for Ahold and Delhaize were measured according to a different set of definitions and scopes, which made these non-comparable. Starting in 2017, all metrics and definitions were aligned and all brands that are part of Ahold Delhaize reported in the same way.

	2021	2020	2019	2018	2017
Sales of own-brand foods that meet guidelines for good nutritional value (€ million)	12,511	11,516	9,982	9,533	9,302
% of healthy own-brand food sales of total own-brand food sales ^{1,2}	53.6%	49.8%	47.9 %	47.0 %	46.0%
% reduction in tonnes of food waste per food sales (t/MEUR) ³	18%	17%	9%	5%	3%
% reduction in absolute CO ₂ -equivalent emissions from own operations (scope 1 and 2) ⁴	31%	23%	8%	Baseline	N/A

1 2017 to 2019 figures include Peapod.

2 Healthy sales percentage for 2021 is impacted by the transition to the Nutri-Score methodology instead of Choices in our European brands. See [ESG statements](#) for more information.

3 The reduction is measured against the 2016 baseline of 5.48 tonnes/MEUR. See [ESG statements](#) for more information.

4 The reduction is measured against the 2018 baseline of 4,073 ktonnes. 2018 baseline, 2019 and 2020 figures are restated. See [ESG statements](#) for more information.

Performance review

GLOSSARY

FINANCIAL PERFORMANCE MEASURES

The financial information included in this Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as explained in [Note 2](#) and [Note 3](#) to the consolidated financial statements as well as in the individual footnotes, unless otherwise indicated.

This Annual Report also includes alternative performance measures (also known as non-GAAP measures). The definitions of these financial and non-financial alternative performance measures can be found below.

FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

Management believes that financial alternative performance (non-GAAP) measures allow for a better understanding of Ahold Delhaize's operating and financial performance. These alternative performance measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Basic and diluted underlying income per share from continuing operations

Underlying income per share from continuing operations is calculated as underlying income from continuing operations, divided by the weighted average number of shares outstanding, also referred to as "underlying earnings per share" or "underlying EPS."

Comparable sales

Comparable sales are net sales, in local currency, from exactly the same stores – including remodeled stores and stores that are replaced within the same market area – and online sales in existing market areas for the most recent

comparable period. Ahold Delhaize measures a store for comparable sales after it is open for a full 56 weeks. Comparable stores are locations that were open for both the full time period being reported on and the full comparable time period in the preceding year. In 2021, comparable sales growth is calculated by adjusting 2020 to a 52-week period.

Comparable sales excludes Value Added Tax (VAT).

For markets that sell gasoline, Ahold Delhaize also calculates the comparable sales excluding gasoline sales, to eliminate gasoline price volatility in the comparison.

Comparable sales and comparable sales excluding gasoline sales are not reflected in Ahold Delhaize's financial statements. However, the Company believes that disclosing comparable sales and comparable sales excluding gasoline sales provides additional useful analytical information to investors regarding the operating performance of Ahold Delhaize as it neutralizes the impact of, for example, newly acquired stores, in the calculation of sales growth.

Earnings before interest, taxes, depreciation and amortization, or EBITDA

Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization).

Diluted underlying income per share from continuing operations is calculated as diluted underlying income from continuing operations, divided by the diluted weighted average number of common shares outstanding, also referred to as "diluted underlying EPS."

Food sales

Food sales contains all net sales, excluding the following categories: pet food, flowers and plants, tobacco, and non-food products including health and beauty and cleaning products. Sales taxes and value-added taxes are excluded from food sales reported in the ESG statements.

Free cash flow

Ahold Delhaize defines free cash flow as operating cash flows from continuing operations minus net capital expenditures, net repayment of lease liabilities and receivables (both interest and principal portions) and net interest paid plus dividends received.

Ahold Delhaize has included free cash flow as the Company believes it is a useful measure for investors, because it provides insight into the cash flows available to, among other things, reduce debt and pay dividends. Free cash flow is derived from the financial statements; however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to operating cash flow.

Global Support Office costs

Global Support Office (GSO) costs relate to the responsibilities of the Global Support Office, including Finance, Strategy, Mergers & Acquisitions, Internal Audit, Legal, Compliance, Human Resources, Information Technology, Insurance, Tax, Treasury, Communications, Investor Relations, Health and Sustainability and the majority of the Executive Committee. Global Support Office costs also include results from other activities coordinated centrally but not allocated to any subsidiary. Underlying Global Support Office costs exclude impairments of non-current assets, gains (losses) on leases and the sale of assets, and restructuring and related charges and other items, including business acquisition transaction costs.

Net consumer online sales

Net consumer online sales is defined as online sales including sales of third parties via bol.com's Plaza and other initiatives, such as Ship2Me in the U.S. Net consumer online sales excludes Value Added Tax (VAT). Ahold Delhaize's management believes that this measure provides more insight into the growth of our online businesses.

Net debt

Net debt is the difference between (i) the sum of loans, lease liabilities and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, current portion of investment in debt instruments, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, current portion of investments in debt instruments, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold Delhaize's leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Performance review

GLOSSARY

Net sales at constant exchange rates

Net sales at constant exchange rates excludes the impact of using different currency exchange rates to translate the financial information of Ahold Delhaize subsidiaries or joint ventures to euros. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries or joint ventures.

Net sales by category

Net sales are specified into predefined sales categories: perishable, non-perishable, non-food, gasoline and pharmacy.

Category definitions:

- Perishable includes: produce, dairy (fresh), meat, deli, bakery, seafood and frozen.
- Non-perishables include: grocery, dairy (long-life) and beer and wine.
- Non-food includes: floral, pet food, health and beauty care, kitchen and cookware, gardening tools, general merchandise articles, electronics, newspapers and magazines, tobacco, etc.
- Gasoline includes: gasoline sales only.
- Pharmacy includes: pharmacy sales only.

Net sales in local currency

In certain instances, net sales are presented in local currency. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Online grocery penetration

Online grocery penetration is calculated as online sales as a percentage of net sales, excluding sales for gasoline, bol.com, Etos and Gall & Gall. Ahold Delhaize's management believes that this measure provides insights into the value of our online grocery business.

Online sales

Online sales are net sales generated through electronic ordering by the final customer at the fair value of the consideration received or receivable.

Online sales includes both business-to-consumer and business-to-business sales as long as the purchaser is the end user, sales generated through third-party platforms (e.g., Instacart and eMag), delivery fee income, other income derived from online sales generated through third-party platforms (e.g., price markups), and fees and commissions when Ahold Delhaize acts as an agent.

Online sales excludes Value Added Tax (VAT).

Operating income in local currency

In certain instances, operating income is presented in local currency. Ahold Delhaize's management believes this measure provides better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Own-brand sales

Net sales of own-brand products, which include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruit and vegetables or no name non-food products) and promotional items relating to the former. In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Regular CapEx expenditure

The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude acquisition capital expenditure.

Return on capital

Return on capital (RoC) is calculated as underlying operating income before depreciation and amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities, divided by 8%.

Two-year stack

Two-year comparable sales growth is a stack of the comparable sales growth excluding gasoline in the current year period added to the comparable sales growth excluding gasoline in the prior year period. This measure may be helpful in improving the understanding of trends in periods that are affected by variations in prior-year growth rates.

Underlying earnings before interest, taxes, depreciation and amortization, or underlying EBITDA and margin

Ahold Delhaize defines underlying EBITDA as underlying operating income plus depreciation and amortization. Underlying EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization). Underlying EBITDA margin is calculated as underlying EBITDA as a percentage of net sales.

Underlying income from continuing operations

Ahold Delhaize defines underlying income from continuing operations as income from continuing operations adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance, as well as material non-recurring finance costs and income tax expense, and the potential effect of income tax on all these items.

Underlying operating income and margin

Underlying operating income is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.

Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. Underlying operating income margin is calculated as underlying operating income as a percentage of net sales.

Performance review GLOSSARY

NON-FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

The specific definitions outlined below add context to our non-financial alternative performance measures and other metrics used in this report.

Acceptable standards and certifications for commodities

Ahold Delhaize defines acceptable standards as multi-stakeholder initiatives or standards supported by multiple stakeholders. They include third-party verification and focus on mitigating the main environmental and/or social issues associated with a commodity's production. Acceptable standards are globally consistent and focus on continuously improving production and supply chain practices. Acceptable standards for tea, coffee and cocoa include Rainforest Alliance/UTZ Fair Trade USA/Fairtrade/FLO-CERT/Fairtrade Sourcing Program or equivalent standards. Acceptable standards for palm oil include RSPO Principles & Criteria and equivalent standards. Acceptable standards for wood fiber are the Forest Stewardship Council (FSC) Chain of Custody, Program for Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI) or equivalent standards. Acceptable standards for soy are RTRS standard for Responsible Soy Production and ProTerra, or equivalent standards. The majority of credits we purchase are area-based RTRS credits from the Cerrado Region. Acceptable standards for seafood products include certification against a program that is recognized by the Global Sustainable Seafood Initiative (GSSI) and cover all Aquaculture Stewardship Council (ASC) farm standards.

Associate

Associates with a legal contract or active pay status (U.S.-specific) with Ahold Delhaize or its brands. This excludes external associates and contingent workers and includes expats counted in their home country.

Associates include seasonal workers, student workers (including summer season students), part-time and full-time associates, both short-term and long-term contracted associates and associates with an active pay status (U.S.-specific) as well as associates whose contract is currently suspended (e.g., for time credit or long-term illness).

Associates who have an employment contract with independent operators of affiliated or franchised stores and students who are on a non-remunerated internship are excluded from the reported figures in this section.

Associate engagement benchmarks

We use two global benchmarks for our associate engagement survey: Global Retail, which comprises companies in the 5300 Retail industry classification benchmark that operate in multiple countries and have both a brick-and-mortar and online presence, and High Performance Norm, which comprises companies in the top quartile (75th percentile) of the Perceptyx Global normative benchmark database.

Associate engagement survey

Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and its brands. A number of items in the survey are used to derive and calculate an associate engagement score:

- **Healthy workplace:** associates are asked about the support they receive to have healthier lives.
- **Inclusive workplace:** associates are asked about the support they receive to have a more inclusive workplace.
- **Associate development:** associates are asked about the support they receive to develop their skills and careers with Ahold Delhaize.
- **Engagement:** associates are asked about how they feel about Ahold Delhaize.

Associate turnover

This metric expresses the number of people lost through resignation, attrition and other means compared to the total number of people in the organization. It includes all turnover, regardless of reason and is reported in percentage. The formula is: total number of inactive associates / total number of associates within a given time period.

Balanced candidate slates (50/50)

In a balanced candidate slate, 50% of the final candidates must be from a diverse/underrepresented population (female, person of color/ethnic/multinational) and at least two of the candidates in the final slate must be diverse.

Cash contributions

The monetary amount paid by a company in support of charitable donations in the form of direct cash donations or grants and payments for materials and services. It includes support of cultural institutions, matched employee giving, employee involvement costs, memberships and subscriptions to community-related organizations and cause-related marketing campaigns.

Charitable donations

Donations of cash, products, services, equipment or other company resources to local, national and international charitable appeals, sponsorships that are not part of a marketing strategy, grants and costs of employee volunteering that fall outside of a core community strategy, company matching of employee donations and the costs of facilitating donations by customers and suppliers.

Community investments

Long-term strategic involvement in, and partnership with, community organizations to address a limited range of social issues chosen by the Company to protect its long-term corporate interests and enhance its reputation. Examples of community investments include: memberships in and subscriptions to charitable organizations, grants and donations, secondments to a partner community organization, supporting in-house training, use of company premises for partner organizations and cost of supporting and promoting employee volunteering programs.

Business-related activities in the community, usually undertaken by commercial departments to directly support the success of the Company, promoting its corporate and brand identities and other policies, in partnership with charities and community-based organizations. Only the contribution to charity or community organizations is considered, not the total cost of the marketing campaign or similar.

Examples of commercial initiatives include: the sponsorship of events, publications and activities that promote corporate brands or corporate identity, cause-related marketing and activities to promote sales, support for universities, and research and other charitable institutions, and exceptional one-off gifts of property and other assets.

Performance review

GLOSSARY

CO₂ emissions/CO₂ equivalent (CO₂e)

The CO₂ (carbon dioxide) emissions data we report consists of a calculated CO₂ equivalent: actual CO₂ emitted plus equivalent emissions from other greenhouse gases (such as CH₄, N₂O and F-gases). We report according to the Greenhouse Gas (GHG) Protocol Corporate Standard.

Ethnicity representation by level (VP+, Director, Manager, Overall) U.S. ONLY

Associates identifying as American, Asian, Hispanic or Latino, African-American, Native Hawaiian/Other Pacific Islander, White, Other, Not Registered, Two or more races and Unknown. Within the U.S., this metric shows the representation within EEOC classifications, by organizational level.

Food Loss and Waste Protocol

A multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see www.flwprotocol.org.

Food waste

As defined by the UN Food and Agriculture Organization (FAO), food waste is any removal of food from the food supply chain that is or was at some point fit for human consumption, but has been disposed or has spoiled or expired, mainly as a result of economic behavior, poor stock management or neglect. In our calculations, in contrast to shrink, food waste excludes donations from hunger relief organizations, theft and cash shortages.

We measure food waste using the *Food Loss and Waste Protocol*. Food waste includes waste used for animal feed, bio-based materials, anaerobic digestion, composting/aerobic digestion, controlled combustion and landfill.

Free from products

"Free from" products exclude certain ingredients, such as allergens, synthetic colors or artificial flavors. The excluded ingredients are normally referenced on the packaging or product marketing materials.

Full time

Associates who work full time (= one FTE), as measured by contract hours/standard weekly working hours, are considered full time.

Gen Z

Generation Z, also called Gen Z, is the generational cohort following millennials, born in 1997+.

Global Reporting Initiative (GRI)

An independent international not-for-profit organization that developed the GRI Sustainability Reporting Standards and works to support their implementation.

Greenhouse gases

Gases such as carbon dioxide or methane that contribute to climate change.

Healthy products

Own-brand healthy food sales include all own-brand products that earn one, two or three Guiding Stars (in the U.S. market) or earn an A or B score from Nutri-Score (in Europe). Total own-brand food sales include food sales from company-operated stores as well as franchise stores.

More information on Guiding Stars can be found at www.guidingstars.com.

Inclusive workplace: associate perception

Associates' perception of the inclusivity of their workplace

The metric shows the percentage of associates who strongly agree or agree with the following index questions in the associate engagement survey:

- My manager treats all associates with respect.
- At my company, diversity is valued.
- My team members work well together.
- I am encouraged to share my ideas around improving our work environment.
- There are career opportunities for me at my company.

Last-stage of production (LSOP) unit

The entity that performs the last stage of production or processing in the supply chain where food and non-food safety and/or working conditions are impacted. The LSOP is:

- For food safety: the location where the final consumer product (including packing) is handled.
- For non-food safety: the location where the final consumer product (excluding packing) is assembled.
- For social compliance: the location where labor is involved in producing or processing the final product, excluding (re-)packing in a non-high-risk country.

National brands

Products that are distributed nationally under a brand name owned by the producer or distributor.

Number of injuries that result in lost days

Number of injuries that result in days lost that are directly related to work-related accidents per 100 full-time equivalents. The number of days lost are days scheduled to be worked according to each associate's schedule. An injury is a non-fatal or fatal injury arising in the course of work.

Performance review

GLOSSARY

Occupational illness frequency rate

Work-related illnesses or diseases occurring in the course or scope of employment. Occupational illnesses or diseases are only measured if a patient requires a medical professional to administer direct care or evaluate the illness or disease. In the U.S., information from our local claims management or insurance providers is used to monitor performance in this area. Since local claims management or insurance providers need to comply with local legislation, the acceptance of illnesses or diseases as work-related can deviate across brands. Occupational illnesses are calculated per one million hours worked.

Organic food products

Food that meets specific, governmental standards relative to the use of synthetic pesticides, fertilizers or any other chemicals and the way natural resources (soil, animals, energy and water) are treated in the production process. An “organic” product is a product that is certified as organic by a certifying body recognized by the government.

Own brands

Own-brand products at Ahold Delhaize company-operated and affiliated stores include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruit and vegetables or no name non-food products) and promotional items related to the non-branded products.

In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Ozone-friendly refrigerant

A refrigerant that has no ozone depletion potential (ODP = 0), meaning there is no degradation to the ozone layer. The data are based on the 2015 Report from United Nations Environment Programme (UNEP), “TOC Refrigeration, A/C and Heat Pumps Assessment Report 2015.”

Part time

Associates who work less than full time (< one FTE), as measured by contract hours/standard weekly working hours, are considered part time.

Pick-up point and click-and-collect points

A pick-up point (PUP) is a location that serves as a point where customers can pick up groceries they have ordered online. PUPs exclude bol.com, Etos and Gall & Gall locations.

PUPs with pick-from-store (PFS) capability are also referred to as click-and-collect points.

Plastic packaging

According to ISO 21067, packaging is a product to be used for the containment, protection, handling, delivery, storage, transport and presentation of goods, from raw materials to processed goods, from the producer to the user or consumer, including processor, assembler or other intermediary. Plastic packaging is packaging of which the main structural element is made of plastic.

Private label products

Private label products are a sub-set of Ahold Delhaize own brands, consisting of products with a visible proprietary label from an Ahold Delhaize brand.

Reflective of our markets: associate perception

Associates' perception of whether they work in a diverse team that fully reflects the community and customers our brands serve.

The metric shows the percentage of associates who strongly agree or agree with the following index questions in the associate engagement survey:

- I am part of a diverse team that fully reflects the community and customers we serve.
- My company recruits a diverse talent pool.
- My company promotes associates with diverse backgrounds.

Sales area

The sum of the store areas (in square meters or square footage) where products are sold and services provided, taken at the end of the year.

Scope 1 (direct GHG emissions)

Emissions from sources that are owned or controlled by Ahold Delhaize. Scope 1 emissions include emissions from refrigerant leakages, owned trucking and on-site fuel usage (natural gas, propane and light fuel).

Scope 2 (indirect GHG emissions)

Emissions from the generation of purchased electricity, heat or steam consumed by the Company. They are not “direct” emissions in that they arise from third-party installations but are attributed to the Company's operations as the end user of the electricity, heat or steam.

Scope 3 (indirect GHG emissions)

Scope 3 emissions are the result of activities from assets not owned or controlled by our Group, but that indirectly impact our value chain. For example, this includes products our brands source from suppliers, and emissions generated when customers use them. Scope 3 emissions, also referred to as value chain emissions, represent the vast majority of total GHG emissions in food retail.

Stock keeping unit (SKU)

A stock keeping unit (SKU) is a specific type of product, with attributes that distinguish it from other SKUs.

We include SKUs that were active only for a limited period of time during the reporting period, SKUs that were active at a certain point in time during the reporting period, even though not active anymore at the end of the reporting period or at the time of the data collection, seasonal products, and SKUs that are only sold in our franchise/affiliated stores. Excluded SKUs are SKUs that are sold in company-operated stores selling only wholesale, promotional products and secondary SKUs.

Performance review

GLOSSARY

Sustainable Development Goals (SDGs)

The United Nations SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 goals replace the Millennium Development Goals and are set on a 2016-2030 time frame.

Tenure

Tenure, as disclosed for the Management Board, Executive Committee and Supervisory Board, is calculated as the length of time members have been members of the applicable bodies.

For members of the Supervisory Board, their tenure includes their tenure in the Board of Directors of the former Delhaize Group, prior to their appointment to the Supervisory Board of Ahold Delhaize.

Tonnes of food waste donated

Includes only food products to feed people (excludes animal feed). It includes food donations to food banks and other food donations to feed people and excludes third-party donations (from customers, suppliers and associates).

Waste

Includes all waste, regardless of the waste management (recycling, incineration or landfill). It is broken down by percentage sent to landfill, recycled and sent to incinerators that produce energy. Waste data covers all types of facilities (stores, distribution centers and offices). Information about all waste disposal methods has been determined through information provided by the waste disposal contractors.

Waste recycling

All methods that do not include sending waste to landfill or incineration. For food waste, this includes four methods: recycling through animal feed, recycling through biogas generation, composting and rendering. For other waste

streams, such as cardboard, paper, plastic and other waste, recycling refers to applied methods for each specific waste type.

TERMS AND ABBREVIATIONS

In addition to the non-financial alternative performance measures defined above, the following concepts or terminologies are used in our *ESG statements* and elsewhere in this report.

amfori BSCI

The amfori Business Social Compliance Initiative (BSCI) is a non-profit organization that supports more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program. .

AMS

AMS is an Amsterdam-based, non-profit, strategic buying alliance that currently works on behalf of nine top European food retailers. Since 1988, the alliance has been initiating, managing and coordinating joint-buying activities for its shareholders and, later, for EURO SHOPPER™ distributor members as well.

Biodiversity

The variety of plant and animal species on earth or as measured for a specific ecosystem. According to the Food and Agriculture Organization (FAO), biodiversity for food and agriculture is indispensable to food security and sustainable development. It supplies many vital ecosystem services, such as creating and maintaining healthy soils, pollinating plants, controlling pests and providing a habitat for wildlife, including for fish and other species that are vital to food production and agricultural livelihoods.

Deforestation and land conversion are closely linked to biodiversity.

Business Resource Group (BRG)

BRGs are groups of associates who join together in their workplace based on shared characteristics, life experiences, etc. to provide support, enhancing career development and contributing to personal development and the feeling of belonging/inclusiveness in the work environment.

CapEx

Capital expenditure.

CDP

Carbon Disclosure Project.

CGF

Consumer Goods Forum.

Deforestation

Deforestation is a loss of natural forest as a result of:

1. Conversion to agriculture or other non-forest land use
2. Conversion to a tree plantation
3. Severe and sustained degradation

Defra

UK Department for Environment, Food & Rural Affairs.

Eligible economic activity

An EU Taxonomy-eligible activity refers to activities that are described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy, irrespective of whether those economic activities meet the relevant Technical Screening Criteria as laid down in those delegated acts.

ESG

Environmental, Social and Governance.

ESMA

European Securities and Markets Authority.

EU Taxonomy for sustainable activities (EU Taxonomy)

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities.

Food Loss and Waste Protocol

This global accounting and reporting standard, also known as the FLW Standard, was developed through a multi-stakeholder effort. It is used for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see www.flwprotocol.org.

GFSI

Global Food Safety Initiative: a Consumer Goods Forum Coalition of Action that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

Global Support Office (GSO)

The name of Ahold Delhaize's headquarters, based in Zaandam, the Netherlands. The company also has regional offices in Brussels and Geneva, and some GSO associates work out of the U.S. brands.

Performance review

GLOSSARY

GRC

Governance, Risk Management and Compliance.

IPCC

Intergovernmental Panel on Climate Change.

JMR

The acronym refers to “JMR -Gestão de Empresas de Retalho, SGPS, S.A.,” Ahold Delhaize's joint venture in Portugal operating 399 stores under the Pingo Doce brand. The joint venture partner in JMR is Jerónimo Martins, SGPS, S.A.

Land conversion

Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function.

1. Deforestation is one form of land conversion (conversion of natural forests).
2. Includes severe degradation from the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure or function.
3. Change to natural ecosystems that meets this definition is considered to be conversion, regardless of whether or not it is legal.

LGBTQ+

LGBTQ+ is an acronym for lesbian, gay, bisexual, transgender, queer or questioning and others. These terms are used to describe a person's sexual orientation or gender identity.

Location-based approach

The GHG Protocol scope 2 Guidance defines the location-based approach as “a method that reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).”

Market-based approach

The GHG Protocol scope 2 Guidance defines the market-based approach as “a method that reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. Markets differ as to what contractual instruments are commonly available or used by companies to purchase energy or claim specific attributes about it, but they can include energy attribute certificates (RECs, GOs, etc.), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission rates and other default emission factors representing the untracked or unclaimed energy and emissions (termed the ‘residual mix’) if a company does not have other contractual information that meets the scope 2 Quality Criteria.”

MEP

Multi-employer plan.

NGOs

Non-governmental organizations.

Non-eligible economic activity

A non-eligible economic activity means any economic activity that is not described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy.

OpEx

Operating expenditure.

Plaza partners

Plaza partners active on bol.com's platform, measured by the number of partners that have fulfilled at least one order in the last year, including orders followed by a cancellation.

Power purchase agreement (PPA)

A power purchase agreement (PPA) or electricity power agreement, is a contract between two parties, one that generates electricity (the seller) and one that is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the sale of electricity between the two parties.

Science Based Targets initiative (SBTi)

The SBTi is a partnership between the CDP, the United Nations Global Compact (UNGC), WRI and the World Wide Fund for Nature (WWF). SBTi provides a framework to help specify how much and how quickly organizations need to reduce their greenhouse gas emissions to stay within the 1.5°C maximum rise in global temperature.

TCFD

Task Force on Climate-related Financial Disclosures.

World Business Council for Sustainable Development (WBCSD) / World Resources Institute (WRI) and Greenhouse Gas (GHG) Protocol

Though the Greenhouse Gas (GHG) Protocol, World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) work with businesses to develop standards and tools that help companies measure, manage, report and reduce their carbon emissions. The protocol covers the accounting and reporting of the six greenhouse gases covered by the Kyoto Protocol and helps to increase the consistency and transparency in GHG accounting and reporting among various companies and GHG programs. For more information, see ghgprotocol.org/corporate-standard