



with Frans Muller  
President and CEO

We sat down with our CEO, Frans Muller, to talk about the highlights of the past year and what's most important for driving Ahold Delhaize's success.

### Q How would you look back on 2019?

**A** It was our first full calendar year implementing our Leading Together strategy and our growth drivers. These growth drivers have helped us to further strengthen our leading positions across the company.

Our local brands remained closely knit to their communities, working hand-in-hand with local suppliers and being good employers for our 380 thousand people. This "localness" is something we believe in, that our customers appreciate and that is benefiting our business.

In 2019, we also had our challenges. In October, we experienced a terrible tragedy when a bus accident in Romania took the lives of eight Mega Image associates and injured seven more. It's so important that we come together in times like these, and I was moved by how colleagues across the company showed their sympathy by contributing to a fund in support of the victims and their families.

During the busy Easter period, the strike at Stop & Shop, in New England, had a significant impact on our results. In the end, Stop & Shop was able to reach fair and responsible agreements for local associates, and I am pleased and grateful that customers returned to its stores during the second half of the year.

### Q How would you characterize our 2019 financial results?

**A** Thanks to our omnichannel strategy, we had a strong performance in 2019, both in stores and online. Our net sales were €66.3 billion. We grew net consumer online sales 28.6% at constant exchange rates across the group; we saw it accelerate in the U.S. and continue at a very strong pace in Europe. In addition, we officially closed our merger integration efforts and overdelivered on the synergies we promised.

We exceeded our full-year 2019 guidance outlook for underlying earnings per share with 8.4% growth, and met our free cash flow guidance of €1.8 billion. I was pleased that we also surpassed our guidance for our Save for Our Customers program, generating €709 million in savings compared to our guidance of €600 million. In addition, we have proposed a 2019 dividend increase of 8.6%, which reflects our ambition to sustainably grow the dividend per share.

Since this is the last Annual Report our CFO Jeff Carr will be a part of before he leaves our company, I want to take the opportunity to thank him for all his contributions. He has been a great partner in shaping Ahold Delhaize over the past eight years, helping us drive our Save for Our Customers program and deliver on our commitments.

### Q What were the most important achievements the company made on the growth drivers over the year?

**A** Our growth drivers are the areas that we need to focus on, working together as a company, in the coming years to drive sustainable, profitable growth. We made a lot of progress on these in 2019 – you'll find examples throughout this report, but I'll mention three highlights.

First, omnichannel growth has been an important area of focus. We've expanded our store network with innovative new urban formats – such as Giant Heirloom in the U.S. and Fresh Atelier in Belgium. And we're helping people save time by rolling out frictionless shopping solutions. Our U.S. businesses did a phenomenal job in expanding the number of click-and-collect points, resulting in a total of 692 locations at the end of 2019, boosting our omnichannel growth considerably.

# Q&A with Frans Muller

In both Europe and the U.S., we're linking together with other companies and educational institutes to make sure we have the capabilities and the talent to drive advances in digital and technology.

Second, we continued to reduce CO<sub>2</sub> emissions from our own operations as well as from the production of our own-brand products, investing in more efficient energy, refrigeration and transportation systems. We also made progress on plastic waste reduction; for example, we reduced the number of non-reusable bags used in our businesses by more than 600 million.

Finally, health is another big area of focus. In 2019, many of our brands continued reformulating their own-brand products to make them healthier and expanded their use of nutritional navigation programs such as Guiding Stars and Nutri-Score to help customers make healthier choices as they shop.

## Q What does the new purpose mean to you?

**A** Being in the food business, we are very close to the daily lives of 54 million customers each week, of our associates who work together with us as a team, and of our communities where we want to support health and well-being. To me, our new purpose radiates and reflects the passion we have for food and for our communities.

"Eat well" is about our passion for food, the respect we have for farming communities, our collaboration with the manufacturers of our products – all of which help us provide a wider variety of fresh, healthy food, and innovative new products for our customers to enjoy.

We know that customers' lives are getting busier. We want to help people "save time" so they can dedicate their precious hours to the most important things in their lives. We're doing this by helping them build lists and prepare for the shopping trip, by providing a more efficient shopping experience through a mix of stores, pick-up points and home delivery, and by offering easy recipes and meal solutions that help them get a healthy dinner on the table for their families.

And "live better" has everything to do with how we can contribute as a company to make communities thrive, to improve health – especially for children and young people – and to support the well-being of our associates. People across our company feel a strong responsibility for doing our part to make our communities healthier, happier and more successful.

## Q Why is the new healthy and sustainable ambition for 2025 so important?

**A** Our world today is facing serious challenges – many of which are related to food and the food chain; for example, the rise of lifestyle-related diseases like diabetes, which places stress on global health systems, and climate change, which is putting pressure on global food production. We want to help make a positive change in people's well-being and build the foundation of our business in the long run through our healthy and sustainable growth driver.

We are on track towards most of our 2020 Sustainable Retailing targets – which were quite ambitious when we set them in 2016. I was pleased that we once again ranked among industry leaders in the Dow Jones Sustainability World Index. We've made progress in almost every area we chose to focus on and have developed more professionalism around sustainable retailing within our company.

We're working to get to a more sustainable supply chain, together with our vendors and partners. This means partnering with suppliers to source sustainably-produced critical commodities. It means improving social compliance in high-risk countries. And it means using our influence where we can to ensure good working conditions for the people who make our products.

This is the second year that we've published an annual report combining both our financial and non-financial results. By openly sharing our performance towards our targets and having our numbers assured, we are showing how seriously we take our sustainable retailing agenda. In this year's report, we proudly launch a new set of targets for 2025. They build on the progress we've already made and focus our efforts on the areas where we believe we can create the most value for our stakeholders and our business: helping customers make healthier and more informed choices, increasing product transparency and eliminating waste.

## Q What were you most proud of during the year?

**A** I'm proud of the positive way we stepped up collaboration between teams – how we came together across countries, brands and geographies – to fulfill our purpose, but also contribute more to our communities. We ramped up our digital strategy and organization and became more of an omnichannel company.

### Our growth drivers

Omnichannel growth



Technology



Healthy and sustainable



Portfolio and scale efficiencies



Best talent



# Q&A with Frans Muller

Of course, everything we achieved comes down to our people. I'm proud of and grateful to our associates, whose hard work and dedication made it all happen. They are there for our customers and communities in countless ways, every day. One notable example from the year was the Food Lion team, who not only pledged to expand the fight against hunger and donate one billion meals to neighbors in need – a promise they are already well on their way to fulfilling – but also provided tireless support when Hurricane Dorian hit the U.S. East Coast. Local teams worked day in and day out to supply communities with food and other supplies – it showed me the meaningful ways that we can impact people's lives.

And I'm also proud that we improved our associate engagement – which shows that we're creating a culture where people feel included, can relate to our purpose and see growth opportunities. We also improved our performance in diversity and inclusion, an area that is very important to me as we strive towards a workforce that reflects the diversity of the communities we serve. I was especially proud to sign the UN CEO Statement of Support for the Women's Empowerment Principles during the year, as a sign of my own personal commitment to gender equality.

## Q What are your expectations for the year ahead?

**A** I would like us to continue developing our proposition for customers, leveraging the best from all of our brands, especially when it comes to health and nutrition, and the information and ideas we provide to help people make healthier choices. When customers think of fresh, healthy and tasty food for their families, I would like them to think of our brands first.

I would also like to see us make a big leap forward in technology and digital, getting customers more connected to our company but also helping them design their own lives in better, healthier ways. This is why our participation in initiatives like Kickstart AI, to boost the artificial intelligence ecosystem in the Netherlands, will continue to be so important. We want to connect with customers through an ecosystem that is broader than only selling products and involves advising people about food and innovations that can contribute to good health.

And I want us to become a true omnichannel company, not just in terms of our store network, online, and pickup but in providing meal solutions and making fresh foods affordable and accessible so that they can occupy a bigger portion of the plate for the customers and communities we serve.

## Q Any final thoughts you would like to share?

**A** Our great local brands operate 6,967 stores – many of which sit at the center of their communities. In some small towns our brands are the last retailer remaining to supply a good grocery offer and healthy, fresh food.

I'm convinced we have a unique opportunity to set up customers and communities for success by making nutritious and healthy food accessible. We know that good health is very much linked to good food; and health in turn is linked to overall happiness and well-being, and the ability to create a good life.

As a food retailer, we are also able to support economic development in our communities by offering employment to people of different backgrounds, generations and education, including many who face challenges finding employment or might otherwise be left behind.

Contributing to our communities in this way is an important part of our values – and has been for a very long time. Many of our local brands started as family businesses, as far back as 150 years ago. It's in our DNA to want to take care of the people living in our communities and working for our company, to maintain long-standing relationships with vendors, and to contribute wherever we can. As a food retailer, I believe we have a chance to do great things – and that's why I'm happy to be a part of our company and our industry – Leading Together!

## 2019 Timeline

<b>January</b>	<b>April</b>	<b>June</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>December</b>	
<p>Giant/Martin's launched "Giant Direct," its new online brand, and opened an eCommerce hub in partnership with Peapod Digital Labs</p>	<p>Stop &amp; Shop's management and local unions agreed on a fair and responsible agreement after 11-day strike</p>	<p>Issued our first sustainability bond</p>	<p>Food Lion pledged to donate one billion meals to fight hunger</p>	<p>Albert Heijn started piloting a fully digital AH to go store</p>	<p>Increased our commitment to slash food waste in half by 2030</p> <p>bol.com expanded into French-speaking Belgium and rolled out pick-up points at Delhaize stores in Flanders</p>	<p>Fatal traffic accident occurred at Mega Image in Romania</p>	<p>Announced we will invest \$480 million in our U.S. supply chain to create a fully integrated, self-distribution model</p>

# Group highlights

## Net sales

€66.3bn

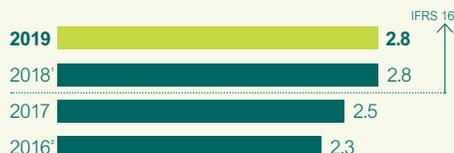
2018: €62.8 billion  
+5.5% (+2.3% at constant rates)



## Underlying operating income

€2.8bn

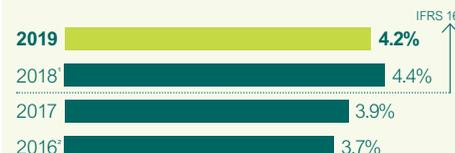
2018: €2.8 billion  
+0.6% (-2.6% at constant rates)



## Underlying operating margin

4.2%

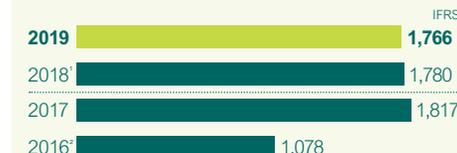
2018: 4.4%  
-0.2% pt



## Net income

€1,766m

2018: €1,780 million  
-0.8% (-3.8% at constant rates)



## Net consumer online sales

€4.5bn

2018: €3.5 billion  
+30.1% (+28.6% at constant rates)

## Free cash flow<sup>3</sup>

€1.8bn

2018: €2.2 billion  
-14.9%

## Underlying income per share from continuing operations

€1.71

2018: €1.57  
+8.4%

## Dividend per common share

€0.76

2018: €0.70  
+8.6%

## Own-brand food sales from healthy products

48%

2018: 47%  
+1% pt

## Associate engagement score

80%

2018: 79%  
Industry benchmark: 80%

## Dow Jones Sustainability Index

69

2018: 72  
-3  
Industry average: 36

## Reduction in carbon-equivalent emissions

-4.6%

2019: 435 kg/m<sup>2</sup>  
2018: 456 kg/m<sup>2</sup>

1 2018 figures have been restated for the change in accounting policies (IFRS 16 Leases). See Note 36 to the consolidated financial statements for more details.

2 The 2016 figures presented in the graphs are pro forma figures. To read more about the 2016 pro forma figures, see our Annual Report 2016.

3 In 2019, after €2.2 billion cash capital expenditure (2018: after €1.8 billion capital expenditure).

For the definitions of alternative performance measures, see Definitions: Performance measures on page 68

# At a glance

Our family of great local brands serves millions of customers each week in the United States, Europe and Indonesia.

Our local retail brands are the core of our business – they operate at the heart of our communities and are how our customers know us. Teams in all our businesses work hard every day to translate our global Leading Together strategy to fit local needs, because they know their customers and communities best. At group level, we set global strategies and frameworks, share best practices and encourage economies of scale across our company.

In the following pages, you can read, per reportable segment, about how each of our great local brands uniquely fulfills our purpose to help customers eat well, save time and live better and brings to life our growth drivers in a locally relevant way.

**380 thousand**  
associates

**54 million**  
customers served every week

**19**  
great local consumer-facing brands<sup>1</sup>

**6,967**  
stores serving our local communities in Europe and the United States<sup>2</sup>

1 Including the brands of our joint ventures.  
2 Excluding the stores of our joint ventures.



## Omnichannel growth

692 click-and-collect points operational in the U.S. by the end of 2019 – exceeding the goal of 600.



## Best talent

Ahold Delhaize CEO Frans Muller signed CEO Statement of Support for the UN Women's Empowerment Principles.



## Technology

Albert Heijn piloted its first frictionless store, enabling customers to scan a debit card, take what they want from the shelves and leave without checking out.



## Portfolio and scale efficiencies

Mega Image acquired supermarket chain Zanfir to strengthen its position in eastern Romania.



## Healthy and sustainable

10 tons of waste collected by Alfa Beta associates during Volunteering Day.

● Countries where we operate  
● Joint ventures



For more information on our local brands, see our reporting hub  
[www.aholddelhaize.com](http://www.aholddelhaize.com)

# Our great local brands

## The United States

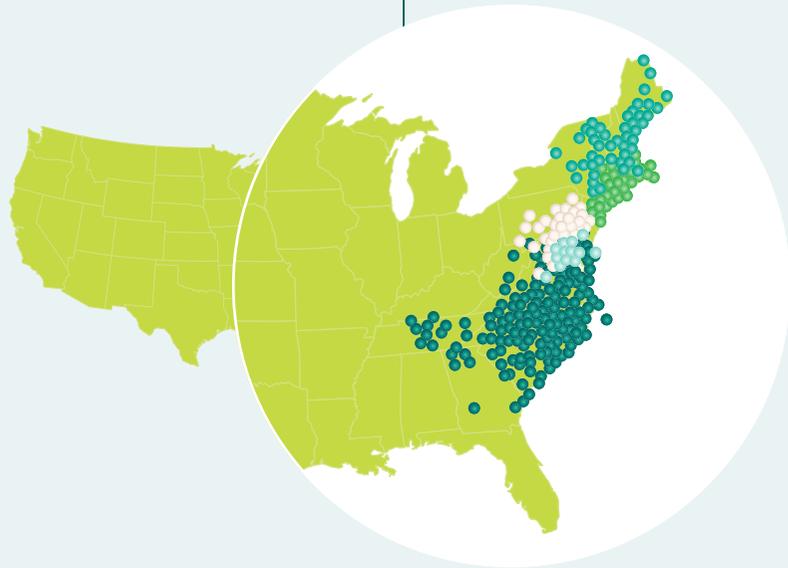
Net sales

€40.1bn

Net online sales

€985m

The United States is our biggest market and we have a particularly strong presence along the East Coast. Our U.S. brands include some of the country's most established, innovative and best-known supermarkets and online grocers.



- Hannaford
- Stop & Shop
- Giant/Martin's
- Giant Food
- Food Lion

Peapod (online: delivers in greater Chicagoland, Milwaukee and Indianapolis)

The map above illustrates the presence of our local brands and general store distribution across regions and is not intended to accurately show locations of individual stores. Each dot can represent multiple stores.

## USA



413  
stores

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

**Formats:** Supermarkets, online shopping

**Pick-up points:** 237

**Average sales area per store (in m<sup>2</sup>):** 3,827

A neighborhood grocer for more than 100 years, today's Stop & Shop is refreshed, re-energized and inspired.

We're focused on delivering fresh, healthy options for the millions of customers we serve and everyday low prices we're proud of. We know our customers are busy, so we provide a wide assortment they can count on, including high-quality prepared foods that make it easy to pick up freshly made meals to go. Plus, technology and eCommerce solutions like home delivery and same-day pickup enable our customers to shop wherever and whenever is most convenient.

Committed to helping its communities enjoy better food and better lives, Stop & Shop has a longstanding history of giving back to the neighborhoods it serves with a focus on the fight against hunger.

## USA



1,029  
stores

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

**Formats:** Supermarkets, online shopping

**Pick-up points:** 208

**Average sales area per store (in m<sup>2</sup>):** 2,348

Food Lion, based in Salisbury, North Carolina, has been serving customers since 1957.

By leveraging our longstanding heritage of low prices and convenient locations, Food Lion is working to provide the easiest full shop grocery experience in the Southeast for our customers, anchored by a strong commitment to affordability, freshness and the communities we serve.

At Food Lion, our "Count on me" is more than a promise – it's a philosophy that sums up our culture and how we help you bring home affordable groceries to your family. Our fresh food is backed by a double-your-money-back guarantee and, at our stores, you can always expect a consistent experience with friendly associates who are ready to help – every day.

And why do we do it? Because you deserve it.

# Our great local brands

USA

**GIANT  
MARTIN'S**

**186**  
stores

**Market area:** Maryland, Pennsylvania, Virginia and West Virginia

**Formats:** Supermarkets, small urban supermarkets, online shopping

**Pick-up points:** 135

**Average sales area per store (in m<sup>2</sup>):** 3,987

Founded in 1923 in Carlisle, Pennsylvania, Giant/Martin's is passionate about creating a shopping experience that fits into the lives of our busy customers – no matter where or how they need us.

We're an omni-channel retailer, proudly serving millions of neighbors in our stores, pharmacies, fuel stations, online pickup hubs and grocery delivery service in hundreds of zip codes.

We're changing the customer experience, connecting families and creating healthier communities for a better future. All with a simple goal: no matter where you experience Giant, your life gets a little simpler and a little better – so you can get back to what matters most.

The Giant Food Stores family of brands includes: Giant; Martin's Food Markets; Giant Heirloom Market; Giant Direct; and Martin's Direct.

USA



**182**  
stores

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

**Formats:** Supermarkets, online shopping

**Pick-up points:** 78

**Average sales area per store (in m<sup>2</sup>):** 3,056

The Hannaford brothers began selling produce in Portland, Maine, in 1883, but it took a lot more than fresh tomatoes and apples to grow their business. The brothers looked at their customers and understood what they cared about most – family, community, quality, value – and built the business accordingly, with core values that show us the way today.

We're still connected to those early roots as a local market, and the connection we have to the sources of our fresh foods is core to the way we do business. We're proud to work with more than 900 local farms and producers, large and small, to bring you more than 7,000 high-quality local products made right here. We love local, and we know you do, too.

We make it easy for customers to shop for great fresh food and to find healthy options, both online and in our stores. We create innovative solutions to serve you in new ways and meet local needs. We treat customers like friends and neighbors because you are. Hannaford is in the community and a part of our customer's day, every day.

USA



**163**  
stores

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

**Formats:** Supermarkets, online shopping

**Pick-up points:** 111

**Average sales area per store (in m<sup>2</sup>):** 3,611

With flexible options and convenient solutions, 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. Our commitment starts and ends with our customers. For over 75 years, we've operated our business with a single goal in mind: delivering unmatched selection, quality and value.

Since we opened Washington D.C.'s first supermarket in 1936, we've continued to grow and innovate, pioneering computer-assisted checkout scanning and opening over 150 stores.

At Giant, local is a commitment, not just a label. Each of our local products represents the cities and communities we're proudly part of.

USA



**Online**

**Market area:** Greater Chicagoland area, Indianapolis (Indiana) and Milwaukee (Wisconsin)

**Formats:** Online grocery shopping

For more than 30 years, customers have trusted Peapod to deliver everyday meal solutions to their homes. Peapod delivers much more than groceries: the quality, convenience and value it promises brings ease, inspiration and joy to the customers it serves.

As the first online grocer, Peapod continues to take pride in its innovation and best-in-class service. Customers can shop via an intuitive website or award-winning mobile app with shoppable recipes, useful dietary shopping guides and many other convenient features. They can also choose from a full range of flexible delivery options including early morning and late-night delivery times, unattended service, and expanding same-day service.

Peapod is all about food. In addition to all the fresh variety and pantry staples a typical grocery store offers, Peapod also provides access to select fresh organic produce, easy-to-make "no subscription required" meal kits and artisanal products from smaller local vendors.

# Our great local brands

There are two organizations under Ahold Delhaize USA that provide services to support the growth of our consumer-facing brands.

**USA**



## Services company

**Peapod Digital Labs is the digital and eCommerce engine of Ahold Delhaize USA.**

We power digital and eCommerce strategies aimed at engaging consumers no matter when, where or how they choose to shop, and support Ahold Delhaize USA's great local brands to springboard growth through new eCommerce and digital capabilities.

Today's consumer is changing, and at Peapod Digital Labs, we're there for the great local brands we support, augmenting customer-centric online and mobile technologies, driving digitization and personalization, providing leading eCommerce technology and the infrastructure to deliver it, and pioneering the latest technologies in pickup, next-day and same-day delivery. Peapod Digital Labs is helping Ahold Delhaize USA's local brands to create a better omnichannel experience for their dynamic grocery shoppers.

**USA**



## Services company

**Retail Business Services, LLC, is the services company of Ahold Delhaize USA, providing services to the U.S. brands.**

Retail Business Services leverages the scale of the local brands to drive synergies and provides industry-leading expertise, insights and analytics to local brands to support their strategies with services including information technology, merchandising & marketing services, private brand products, pharmacy services, sourcing, not for resale, store services, financial services, legal services, communications, supply chain and people systems and services.

# Our great local brands

## The Netherlands

Net sales

€14.8bn

Net online sales

€2,432m

Our brands in the Netherlands have served local customers and communities for more than 130 years. Today, we are the nation's #1 food retail company, a leader in specialty stores and the Netherlands' top online retailer.



- Albert Heijn (excluding stores in Belgium)
- Etos
- Gall & Gall

bol.com (online: delivers in the Netherlands and Belgium)

The map above illustrates the presence of our local brands and general store distribution across regions and is not intended to accurately show locations of individual stores. Each dot can represent multiple stores.

## The Netherlands

### Belgium



ALBERT HEIJN

1,029  
stores

**Market area:** the Netherlands and Belgium

**Formats:** Supermarkets, convenience stores, online shopping

**Pick-up points:** 50

**Average sales area per store (in m<sup>2</sup>):** 1,282

**We all like to be busy these days. And we all want good food, but we also want it to be fresh, healthy, varied and easy. Of course, we want it without paying too much. And we have more options than ever, leaving us with endless choices – and at the same time, dilemmas.**

In short, life is sometimes quite a challenge. Albert Heijn gets that better than anyone. We have been a part of everyday life for more than 130 years and have grown along with our customers, from a simple grocer to the food tech company we are today. That's why with us you will find everything you need to get the most out of life every day, in the way that suits you.

We understand that value for money is more important than ever. We make it easier and more personal to eat good and healthy food. Just like shopping itself. At Albert Heijn, we make more things possible. We are there for you always and everywhere – in our stores, online and on your mobile device – with value for money, better food and convenience that matches your life and what you want.

Albert Heijn is your trusted and inspiring partner, offering all the ingredients for better living. For everyone. We fill around five million plates every day, thanks to our team of associates who take great responsibility for ensuring that customers can always find tasty, healthy, sustainable and fresh products in our stores.

# Our great local brands

## The Netherlands

### Belgium

**bol.com**

## Online

**Market area:** the Netherlands and Belgium

**Formats:** Online shopping with a focus on general merchandise

**Bol.com started in March 1999. Today, 10.5 million Belgians and Dutch shop on our online retail platform.**

With 22 million items, spread over more than 40 product categories, customers can choose from the widest range – including books, e-books, music, films, games, electronics, toys, jewelry and accessories, baby items, garden and DIY items and everything for living, animals, sports, leisure and personal care. To serve customers in the best possible way, bol.com works with more than 20,000 Belgian and Dutch entrepreneurs who sell through its platform.

At bol.com, customers can choose how to pay and when they want their packages delivered. Our competitive prices, great offers and always available customer service means people can shop without worry.

Today, bol.com is a fast-growing network, at the heart of society. We feel responsible for making a positive contribution, so we try to do better every day.

## The Netherlands

**Etos**

**542**  
stores

**Market area:** the Netherlands

**Formats:** Drugstores, online shopping

**Average sales area of own-operated stores (in m<sup>2</sup>):** 209

**The world has changed a lot in the last century, but so has Etos! One thing has remained the same: whatever your question is, we have been there for you with answers for 100 years.**

With the acquisition of the Solvo-groep, Etos made an important step towards defining a new drugstore concept where physical stores are integrated with providing 24-7 information on health. Through the new web platform, Etos customers can ask questions relating to their health and, if desired, book a consultation with a medical service provider.

By joining forces, Etos has become the largest health and wellness platform in the Netherlands. Causes, symptoms, tips and treatments are described on the platform and wide-ranging questions are answered regarding health, beauty, exercise, nutrition and a balanced lifestyle. The online platform offers videos, a symptom checker and personal solutions. Customers can book consultations directly with medical service providers, receive personalized advice from the Etos staff in the stores – including our 2,400 certified druggists – and even find products that can be used to treat symptoms.

In the past eight years, Etos has been declared the Netherlands' best drugstore by independent researchers GfK no less than seven times and was chosen last year as best personal care retailer chain.

## The Netherlands

**Gall & Gall**  
SINDS 1884

**585**  
stores

**Market area:** the Netherlands

**Formats:** Liquor stores, online shopping

**Average sales area per store (in m<sup>2</sup>):** 76

**At Gall & Gall, we have been selling liquor since 1884 and are the largest specialist in the Netherlands.**

Our logo refers to our strong roots. Founder Maria Gall had a motto: "No order too large, no order too small, no order too far." And although times have changed, our passion to help and inspire customers has remained.

At Gall & Gall, everyone is a connoisseur. We promise that every customer can come home with the right bottle. Even if you don't know anything about liquor.

# Our great local brands

## Belgium

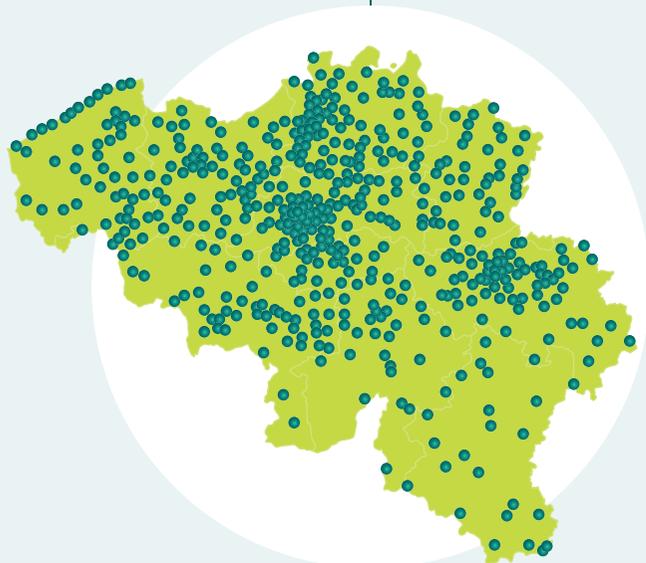
Net sales

€5.1bn

Net online sales

€57m

Belgium is one of the historical homes of Ahold Delhaize, with Delhaize supermarkets established in the country in 1867. Our stores provide a huge selection of products, including foods from our quality own-brand ranges, as well as thousands of non-food items.



● Delhaize (excluding stores in Luxembourg)

The map above illustrates the presence of our local brands and general store distribution across regions and is not intended to accurately show locations of individual stores. Each dot can represent multiple stores.

## Belgium

## Luxembourg



796

stores

**Market area:** Belgium and Luxembourg

**Formats:** Supermarkets, convenience stores, online shopping

**Pick-up points:** 127

**Average sales area per store (in m<sup>2</sup>):** 969

The first Delhaize self-service supermarket saw the light in 1957. Today, Delhaize's formats – Delhaize, AD Delhaize, Proxy Delhaize, Shop & Go and Fresh Atelier – offer a unique shopping experience and quality service.

Customers can also do their shopping online for collection via pick-up points and home delivery. Delhaize offers a wide range with more than 20,000 high-quality products at competitive prices. Thanks to its eight own-brand product ranges, Delhaize can meet all its customers' needs.

Our associates have a passion for food and regularly follow training courses to offer customers the very best in modern distribution: proximity, pleasant surroundings, very flexible opening hours, products of impeccable quality and the introduction of new technology to make shopping as easy as possible.

At Delhaize, sustainable business is part of our daily operations and our commercial mission; we do everything we can to put people and nature first and foremost.

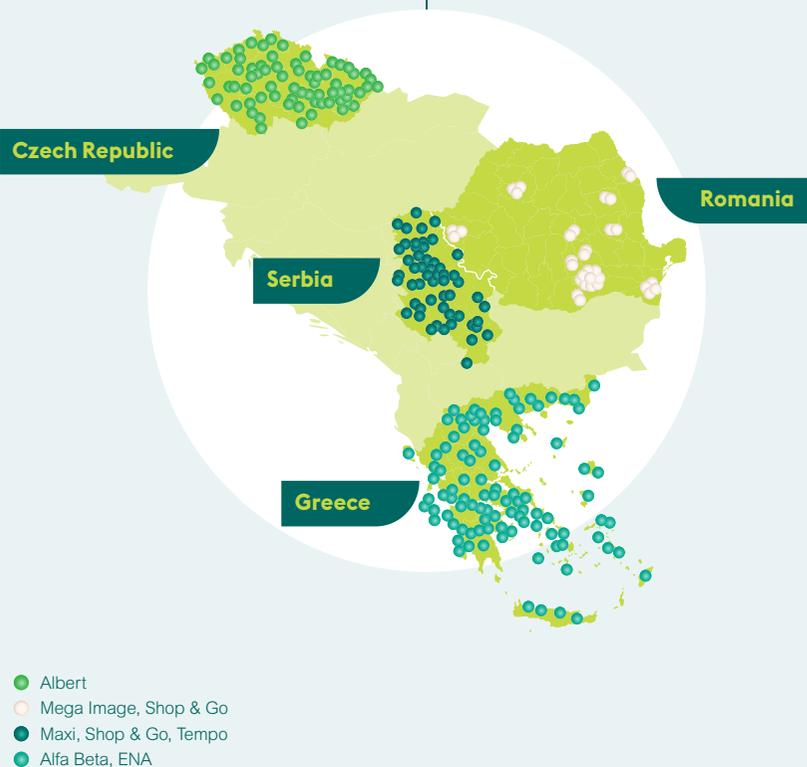
# Our great local brands

Net sales  
**€6.3bn**

Net online sales  
**€19m**

## Central and Southeastern Europe

Ahold Delhaize companies have over 2,000 stores in four countries in central and southeastern Europe. Our teams include over 50,000 talented associates who serve millions of customers each week.



The map above illustrates the presence of our local brands and general store distribution across regions and is not intended to accurately show locations of individual stores. Each dot can represent multiple stores.

## Czech Republic



**325**  
stores

**Market area:** Czech Republic

**Formats:** Supermarkets, compact hypers

**Average sales area per store (in m<sup>2</sup>):** 1,586

At Albert, our motto is “It’s worth eating better.” We want to meet the changing needs of customers, helping and inspiring them to eat well and live better.

We are proud to offer a great shopping experience in our stores, whether it is in our urban supermarkets or our compact hypers for family shopping. Our great customer offer includes healthy inspiration in own brands and local products. Our own brands are unique to Albert and include our Czech Taste line of genuine Czech origin products, the exclusive Nature’s Promise range of healthy and organic foods, and Albert Fresh Bistro, a unique concept of fast and healthy eating.

We want to be a responsible retailer in all our communities, supporting a healthy lifestyle for customers and associates and the development of local communities, in partnership with Czech suppliers and food banks. Since 2009, the Albert Endowment Fund has supported the education, integration and development of children from socially disadvantaged groups and healthy lifestyles for children and adults.

## Greece



**510**  
stores

**Market area:** Greece

**Formats:** Supermarkets, convenience stores, cash & carry, online shopping

**Average sales area per store (in m<sup>2</sup>):** 766

At Alfa Beta Vassilopoulos (“Alfa Beta”), we are pleased to be closely connected to the hearts and minds of our customers. We always want to offer the best. This drives us to constantly innovate – because, for Alfa Beta, every customer is unique!

For 80 years, we have constantly updated what we offer to match our customers’ changing needs, always looking for new ideas in products and services to make the Alfa Beta shopping experience exceptional. In addition to our Alfa Beta supermarkets, we serve customers in our AB Food Market, AB Shop & Go, AB City and ENA Food Cash & Carry formats.

Corporate responsibility is also reflected in every step we take! Whatever we do, we are here for our customers, associates and communities, offering the finest products and protecting the environment in which we live. We treat our associates with trust and respect, because we consider them part of our family.

Everything we do comes from the heart.

# Our great local brands

## Romania



**765**  
stores

**Market area:** Romania

**Formats:** Supermarkets, convenience stores, online shopping

**Pick-up points:** 40

**Average sales area per store (in m<sup>2</sup>):** 277

Founded in 1995, Mega Image is the leading supermarket in Bucharest, with a national coverage of stores under the Mega Image, Shop & Go and Gusturi Românești brands.

Every day, Mega Image supermarkets aim to provide customers with quality services and a range of nutritious, healthy and safe products at affordable prices. Our Shop & Go concept is for customers who want to make their purchases quickly, close to home. The Gusturi Românești concept brings together authentic products with the unmistakable flavor of traditional Romanian cuisine.

We are more than a supermarket, we are a well-loved brand that inspires customers and the people in our communities to live as they like. We offer customers fresh food, quality, healthy and safe products and a unique and diverse assortment of own brands, but also shopping experiences enhanced by special store departments, innovative concepts and personalized offers.

We are passionate about a healthy lifestyle and we show it with fresh and healthy products and through helpful advice. We engage in social causes that matter for our communities. We care about people and diversity and always strive to provide a safe environment for our colleagues. We look for solutions to reduce our environmental footprint and give back to our communities. We are a mega team of associates doing good where it matters.

## Serbia



**442**  
stores

**Market area:** Serbia

**Formats:** Supermarkets, hypermarkets, online shopping

**Average sales area per store (in m<sup>2</sup>):** 463

Since coming to Serbia in 2011, Delhaize Serbia has been working intensively to expand its product range and improve its quality, recipes and design. It is now the largest store chain in the country, operating through three formats: Maxi, Shop & Go and Tempo.

Maxi supermarkets are recognized for their wide range and high quality of fresh products. Customers know Maxi as a supermarket with great prices and the best promotions, symbolically displayed through the Maxi Bee – a sweet guide to help with smart shopping.

Shop & Go locations are modern neighborhood stores tailored both for everyday shopping in the neighborhood, as well as for customers who need a place to shop fast on-the-go.

Tempo hypermarkets are a favorite place for family shopping because they have a wide range of products, low prices, excellent promotions and a focus on special seasons.

# Our great local brands

## Joint ventures

We are active in Indonesia and Portugal through joint ventures Super Indo and Pingo Doce, respectively. Both are among the leading supermarket brands in their countries.

Portugal



Indonesia



## Indonesia



### Market area: Indonesia

Since 1997, Super Indo has grown and developed into Indonesia's largest supermarket chain. Today, it provides a wide range of items to fulfill customers' everyday needs with reliable quality and economical prices in easily accessible stores.

Super Indo always maintains the freshness and quality of its products by selecting fine sources and applying highly-monitored standard operating procedures in product handling. This makes it the right choice for shopping that is always fresher, affordable, and closer.

## Portugal



### Market area: Portugal

Pingo Doce brings quality and innovation to you from north to south in a country that makes it your brand. Because the best families deserve the best supermarket. The goal is to bring customers a unique shopping experience in the marketplace.

Pingo Doce products guarantee excellent value for money, which strengthens the brand's commitment to customers. The brand brings food solutions to customers at very competitive prices for even more savings. Pingo Doce stores are designed for families and are always located where customers are.



# Our Leading Together strategy

This is our strategic framework, that enables us to leverage both our scale and local connections. It guides our decisions and defines shared values and promises, while giving our great local brands the flexibility to best serve their customers, associates and communities.

 For more information on our strategy, see our website [www.aholddelhaize.com](http://www.aholddelhaize.com)

## Our purpose

# Eat well. Save time. Live better.

### Our business model

#### Save for our customers:

- Buy better
- Operate smarter
- Waste less

#### Offer an omnichannel experience:

- Supermarkets and smaller stores
- eCommerce
- Meal solutions



#### Invest in our customer proposition:

- Fresher and healthier
- Best own brands
- Local, personal and convenient
- Dependable value
- Sustainable

### Our promises



### 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 we don't take ourselves too seriously.

### Our growth drivers

Our growth drivers are the areas we will invest in to accelerate profitable growth through our Leading Together strategy.

#### Omnichannel growth



#### Technology



#### Healthy and sustainable



#### Portfolio and scale efficiencies



#### Best talent



 For more details see page 18 – 23

# Our growth drivers

To help us fulfill our purpose today and prepare our business for tomorrow, we have intensified our focus and attention on the following growth areas across all our great local brands.



## Omnichannel growth

For more on what's happening in our great local brands, see the case studies on our reporting hub

**Case study**  
Meeting the changing needs of urban customers

**Case study**  
Expanding online delivery and pickup

**Case study**  
Offering fresh meals fast

### Why is it important?

Customers today are in control of how, where and when they shop. The world of retail keeps changing at an astonishing speed, and companies need to keep moving just as fast. Technology and new ways of shopping continue to challenge the status quo in the retail industry, bringing customers more information and countless options at an unprecedented rate.

With consumers increasingly strapped for time and living "on-the-go," their demands for convenience, speed and proximity are growing. They need support in filtering what is relevant from the unlimited data available to them and choosing the right solutions for themselves and the people they care about.

In response, retailers are offering a multitude of options, both offline and online. They are rolling out a range of new store formats and becoming increasingly flexible with online delivery and pick-up times, all while accelerating data-driven personalization. And as the line between in-home and out-of-home food consumption continues to blur, retailers are offering quick and innovative meal solutions.

### What are we doing about it?

Our customers have told us they want to eat well and live better, save time, get value and be inspired – and we are determined to help them fulfill these needs.

To keep winning in our markets, both today and in the future, we want to be the most trusted partner in connecting customers with the myriad of options available to them. We are working to provide the leading consumer experience across all phases of the customer journey: from planning to shopping to enjoying great food. This means having a seamless omnichannel offering – a unified shopping experience across all our online and offline channels.

We are driving omnichannel growth across all our local brands in three key focus areas:

#### Enhancing our stores

First, we are enhancing our brick-and-mortar value proposition and adapting it to respond to ever-evolving customer needs. We're doing this by further differentiating our offering, expanding our footprint and upgrading our in-store experience through remodels and new, innovative formats.

#### Strengthening eCommerce

We continue to strengthen our eCommerce value proposition and expand our network of pick-up and delivery locations, in both Europe and the United States.

We are finding ways to engage with our customers more effectively through our digital platforms – including loyalty and rewards programs – and further personalize our marketing campaigns and communications. This enables us to be even more relevant to each of our customers and help them save time.

### Expanding meal solutions

We are expanding our meal solutions to help people eat well by offering more meal kits and food counters in our stores, growing our convenience formats and experimenting with meals on demand and restaurant concepts.

### How are we measuring it?

**95%**  
of net sales come from markets where we have a #1 or #2 position<sup>1</sup>

**+28.6%**  
net online consumer sales growth (at constant rates)

**987**  
pick-up points by the end of 2019

**59%**  
of U.S. customers with access to same-day pickup or delivery

<sup>1</sup> Excluding bol.com, Peapod, Etos, Gall & Gall and our joint ventures. Based on latest available data.

# Our growth drivers



## Technology

For more on what's happening in our great local brands, see the case studies on our reporting hub

**Case study**  
Checking out without checking out

**Case study**  
Redefining retail through AI and robotics

**Case study**  
Augmented reality makes shopping with children more fun

### Why is it important?

Technology is having a transformative impact on both our personal lives and the way we do business.

By opening up an omnichannel world, it is bringing customers unprecedented convenience, and allowing them to shop wherever and whenever they want. It is also transforming health and sustainability. Wearable technology helps people manage nutrition, fitness and drug treatment for diseases like diabetes. Blockchain lets us track and trace products through complex supply chains more precisely than ever before.

Connected devices interacting with their environment through sensors (the Internet of Things) are capturing reams of useful data, and the cloud has made it financially viable for companies to store and utilize more of this data than ever before. This is enabling machine learning to predict more accurately than people can.

Technology is transforming our workplaces. It's driving change in business processes, from automated warehouses and home delivery using autonomous vehicles, to machine learning in supply chain replenishment, assortment optimization and detecting anomalous behavior for cyber defense.

### What are we doing about it?

We believe technology can help people live better – and we are leveraging it for the benefit of our customers and our business, through a number of key focus areas.

#### Enriching the customer experience

We want to enable customers to eat well, save time and live better by anticipating their needs and offering them a seamless and easy shopping experience, however they choose to shop. We are continuously working on enhancing our online and offline channels. By delivering inspiring apps, we are giving customers the best mobile experience – one that can also be leveraged to support a great in-store, delivery and pick-up experience. Our brands are offering more convenient payment and check-out solutions to help customers save time. In addition, we are delivering market-leading personalization, such as targeted offers and a tailored shopping experience, to help build more sustainable relationships with our customers and, in turn, drive customer loyalty.

We have also adopted Principles for the Responsible Use of Data to ensure alignment with our value of integrity and to protect the privacy and interests of customers and associates.

#### Increasing the efficiency of our business

To accomplish our goals, we need a strong foundation, so we are working to modernize our back office with innovative systems in areas like supply chain replenishment, merchandise optimization and distribution center mechanization. And we are delivering new digital solutions that will transform how we can serve our customers faster and better, hyper-personalize our offering, further improve our omnichannel experience, and better utilize our eCommerce scale.

### Expanding our capabilities and partnerships

Our success in the future will depend on whether we have the right capabilities in place today. We will build our internal capabilities by focusing on attracting, retaining and developing our digital talent. To expand them even further, we have partnered with open labs in the U.S. (Peapod Digital Labs) and the Netherlands (AIR Labs) to accelerate research on and development of artificial intelligence and robotics with a focus on practical applications that will help our brands enrich the customer experience and increase efficiencies. Today, the right partnerships are more important than ever, so we are creating a strong ecosystem of digital and tech-focused companies and entering into strategic collaborations that enable us to share knowledge and resources in a mutually beneficial way.

### How are we measuring it?

**66%**  
of net sales generated by loyalty card members, with Food Lion at 85%

**5.4m**  
monthly active mobile app users (straight average over 2019)

**1,989**  
stores offering self-scanning solutions, including 96% of Stop & Shop stores

# Our growth drivers



## Healthy and sustainable

For more on what's happening in our great local brands, see the case studies on our reporting hub

**Case study**  
Inspiring healthy choices

**Case study**  
Reducing plastic waste in our operations and beyond

**Case study**  
Working together to eradicate food waste

### Why is it important?

Our world is facing enormous challenges. Climate change and public health issues are impacting our communities and business. Customers are asking for more healthy and sustainable products and product information.

Climate change is making it more difficult to farm, fish and raise livestock; it's changing what and how we can feed ourselves – at a time when our global population is growing.

Health issues, including diabetes and obesity, are affecting billions of people. It's clear that how and what we eat can both influence and help prevent disease. Eating well also contributes to good mental and physical health.

Every year, around one-third of all food produced for human consumption is lost or wasted on the journey from farm to fork. Plastic waste is another major challenge, especially for life in our oceans, lakes and rivers.

### What are we doing about it?

Sustainable retailing has long been an important part of how we do business. For the past four years we have been working towards targets we set for 2020 – you can find more about our performance in *Group non-financial review*. Now we are launching a new Healthy and Sustainable Strategy that looks towards 2025, building on the successes we've already achieved. We have defined longer-term targets and will accelerate change across our great local brands. For more information on our 2025 targets, see *How we manage risk*.

At Ahold Delhaize, we are committed, along with our great local brands, to targets that stretch our capabilities. These are built on the UN's Sustainable Development Goals (SDG) – SDG 2 Zero Hunger, SDG 3 Good Health and Well-being and SDG12 Responsible Consumption and Production.

Our ambitions for 2025 are to inspire our customers to make healthier choices, increase product transparency, and eliminate waste. We believe these are the areas where we can create the most value.

#### Inspiring healthier choices

As a global retailer we can make a big difference to our customers' awareness of what they eat and provide healthier food in our stores. People are looking at us to be their partner in helping them live better.

That's why our brands will not only continue to educate customers generally by promoting nutritional navigation systems, such as Nutri-Score and Guiding Stars in stores and online. They will also further develop personalized diet advice for customers through loyalty cards and apps, to support them in adapting their personal shopping habits and diets in order to eat healthier.

But it is not just about education. Our brands have to offer more healthy products too. So, they are also continuing to reformulate products to make them healthier. We have set a target of having 51% of our own-brand food sales come from healthy products by 2022.

#### Driving product transparency

We will drive transparency about the origins of our fresh products and make the nutritional value of all products more transparent. We believe our brands can help people understand the impact of their buying decisions and enable them to make choices that fit their needs, their tastes, and their values.

To achieve this, our brands will use the latest technologies, such as blockchain and artificial intelligence, to bring customers more transparency by 2025 – starting with fresh fruit 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 will empower and enable busy customers to make better choices.

# Our growth drivers



**Healthy and sustainable**  
*continued*

## Eliminating waste

We are working hard to reduce food waste, both inside our own operations and across our supply chain, together with customers and suppliers. Within our own operations, we aim to reduce food waste by 50% by 2030 compared to our 2016 baseline. We will accomplish this objective by making replenishment systems more effective and by applying innovative methods, such as dynamic pricing based on sell-by date. We are a founding member of the World Resources Institute's "10x20x30" initiative, which brings together 10 global food retailers that will each engage with 20 of their priority suppliers to halve their rates of food loss and waste by 2030.

Plastic waste is another major challenge, particularly for life in our oceans, lakes and rivers. That's why, as a global retailer, we have signed up to the New Plastics Economy Global Commitment – to work on ways to significantly reduce plastic in our overall supply chain.

Concretely, brands across Ahold Delhaize are working towards zero plastic waste from own-brand packaging by 2025. One way is by selling more fruits and vegetables that are not wrapped in plastic; some of our brands are already piloting plastic-free fruit and vegetable sections in stores.

## Managing risks

As the global context around our business rapidly changes, we are also accelerating our work to protect Ahold Delhaize from potential risks.

We are working to understand how climate change will impact our business. And we are also mapping the emissions from our supply chain to understand how we are impacting climate change. We have committed to setting long-term, science-based targets to reduce our impact in both our own operations as well as in our supply chains.

To promote future food security, we are developing partnerships and taking action to combat negative impacts on biodiversity.

On human rights, we are conducting due diligence exercises to guide a continuous improvement plan that will ensure our businesses and supply chains are protecting the rights of customers, associates and community members.

Our brands are also focused on improving safety in our workplaces.

Finally, across our brands, we are increasing standards for the sustainability of products we sell, while maintaining best-in-class standards for food safety and quality.

## How are we measuring it?

**48%**

**of total own-brand food sales from healthy products**

**9%**

**food waste reduction compared to our 2016 baseline**

**4.6%**

**reduction of CO<sub>2</sub>-equivalent emissions per m<sup>2</sup> sales area compared to 2018, a 32% reduction compared to our 2008 baseline – location-based approach (kg CO<sub>2</sub>-eq/m<sup>2</sup>)**

# Our growth drivers



## Portfolio and scale efficiencies

For more on what's happening in our great local brands, see the case studies on our reporting hub

**Case study**  
Strengthening our brick-and-mortar base

**Case study**  
Bringing experts into the family to help us serve customers better

**Case study**  
Leveraging our scale to bring customers more

### Why is it important?

The grocery industry is in the midst of continued consolidation, as retailers look to mergers and acquisitions as a means to grow and seek synergies to counter decreasing margins. Scale continues to be critical for enabling businesses to make the required capital investments to remain relevant in the long term.

Companies also continue to embrace vertical integration. Grocers are integrating backwards, investing in farms and processing plants to guarantee product supply and quality and lower costs. Consumer packaged goods companies are integrating forward, using eCommerce to develop direct relationships with customers.

Companies across industries remain focused on seeking efficiencies and streamlining their operations to further invest in their value propositions and drive sustainable growth.

### What are we doing about it?

We operate a portfolio of strong brands and want to be the consolidator of choice in our markets. Our ambition and the opportunity we have to grow in the fragmented retail market is supported by our strong and predictable cash flow, successful merger integration and synergy delivery, efficient platforms for growth and strong omnichannel proposition.

#### We will continue to evolve our portfolio in line with the following principles:

- Maintaining a portfolio of great local brands that aim to have #1 or #2 positions in their markets.
- Prioritizing potential partners with advantageous positions in attractive markets according to their size and growth prospects.
- Ensuring we have sufficient global scale to attract a strong ecosystem of partners and share best practices among our brands.

In addition, we have always worked to be as efficient as possible, and we are constantly on the lookout for new ways to save money to reinvest in our business. What we call “Save for Our Customers” is in our DNA, and we believe there are many more efficiencies to go after and to scale across our group. We have committed to deliver €1.9 billion of savings in the period from 2019-2021, and we will reach this target partly through best-practice sharing.

In December, we announced that Ahold Delhaize USA is investing \$480 million to transform and expand its supply chain operations on the U.S. East Coast, in support of a new three-year strategy to move the U.S. supply chain into a fully integrated, self-distribution model.

### How are we measuring it?

**€709m**

Save for Our Customers savings in 2019

**3.3%**

total cash capital expenditures as a percentage of net sales

**95%**

of net sales come from markets where we have a #1 or #2 position<sup>1</sup>

<sup>1</sup> Excluding bol.com, Peapod, Etos, Gall & Gall and our joint ventures. Based on latest available data.

# Our growth drivers



## Best talent

For more on what's happening in our great local brands, see the case studies on our reporting hub

**Case study**  
Building a digital mindset

**Case study**  
Improving associate engagement

**Case study**  
Best places to work for LGBTQ equality

### Why is it important?

The world of work is changing dramatically, and employers are evolving to meet the needs of today's employees. Technology is not only transforming the shopping experience, it is reshaping the workplace. First, in creating the need for people to gain new skills. Companies are looking for ways to support their employees' development and make sure they have the right capabilities for the future. Secondly, artificial intelligence and automation are improving our efficiency and helping us to work smarter, so people have more time to devote to deploying creative strategies and driving market growth.

In an environment of rapid change, companies have to be more externally focused and agile. They will need to find ways to create a more flexible workforce by hiring great people through both new and innovative talent sourcing opportunities as well as traditional employment models. The need for stronger partnerships and even recruiting from within the customer base are just some of the exciting ways retailers are finding the best talent.

Like today's customers, today's workers are more socially and environmentally aware, and seek to work for a company that has an authentic culture, in an environment that is inclusive and supportive of their individual growth. They want to feel inspired by and able to make a unique contribution to the mission and purpose of the organization. Offering a great associate experience continues to be critical for attracting and retaining talent.

### What are we doing about it?

We want to play a part in creating the future of work by investing in developing our associates, becoming a more purpose-driven organization with a much stronger focus on diversity and inclusion, and building the capabilities of our workforce. We have four strategic focus areas under our best talent growth driver.

#### Creating the future of work

Our local brands are working to take our vision of the future of work and bring it to life by putting in place customer-centric operating models and strategic workforce plans that will support our omnichannel and digital ambitions.

#### Pivoting our culture

We want to embed our company's purpose deeply within the organization because we believe it will drive personal accountability. As part of this, we are supporting associates in defining their own unique contributions in line with our purpose. We want to help them maximize their potential by nurturing a mindset of continuous growth and life-long learning. Our values will guide this process, and we want to amp up the focus we place on Courage, Care and Teamwork, in particular.

#### Transforming our capabilities

We are working to understand what capabilities we need today, and in years to come, and then to develop them in our workforce. We are supporting our brands as they continue building a digital and data mindset and reskilling their workforces for the future.

### Cultivating our talent

We want to cultivate our talent so that we have the right people and leaders for the future. By building robust, diverse talent pipelines we will ensure we have the best talent – people who can help us drive the growth of our business. We're putting a much stronger focus on diversity and inclusion by making sure we have balanced slates of candidates for open roles, developing associates from all backgrounds, building more diverse succession pools and creating a more inclusive environment, overall.

### How are we measuring it?

**80%**

associate engagement score

**72%**

associate development score

**78%**

inclusive workplace score

# Value creation

Our business model is a continuous cycle that shows how our great local brands create value for all our stakeholders.



Across Ahold Delhaize, teams at each brand work hard to **save for our customers, drive same-store sales** and **fund growth**.

To jump-start this continuous cycle, we evaluate every area of our businesses to see where we can do things smarter and better to save money, conserve resources and reduce waste.

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.

For more information on our strategy and business model, see our website [www.aholddelhaize.com](http://www.aholddelhaize.com)

## Supply chain



As a food retailer, Ahold Delhaize is positioned in the middle of the supply chain, delivering products from farmers and suppliers to consumers through our retail stores and online operations. We apply our business model at every point of the supply chain to create value for, and in partnership with, our stakeholders.

The way we do this takes into account feedback from our stakeholders, including through our annual materiality assessment, that identifies the areas our stakeholders are concerned with and where we can make an impact.

This helps us to ensure that our strategy and reporting are in line with our most significant impacts and stakeholder expectations.

See *How we manage risk* for more information

## Creating value for stakeholders

As a global company, we have a large variety of stakeholders. But the four primary groups Ahold Delhaize impacts are our:

- customers
- communities
- associates
- shareholders

We engage with these stakeholders on a daily basis, and they challenge us, share insights into their concerns, offer feedback on how we are doing and collaborate with us to solve problems. We also commit to transparency and high integrity with a broad list of stakeholders who have a strong interest in our company, including global and local suppliers, governments and NGOs.

We promise all our stakeholders that we'll strive to be a better place to shop, a better place to work and a better neighbor, every day.

For more detail on how we create value for our stakeholders, see **pages 27–33**

# Value creation

The most important input, output and outcomes per capital that occur as we create value are summarized in the following table and explained in more detail, by stakeholder group, in the pages following. We followed the guidance of the International Integrated Reporting Council (IIRC), including its definition of six capitals every organization depends on for success, when we created the model.

- customers
- associates
- communities
- shareholders

Input	Output	Outcomes for our stakeholders
<b>Our financial framework – Financial capital</b>		
<p><b>We strive for strong operational performance and best-in-class cash generation. A strong balance sheet and sustainable profits are essential to our business model and to fund growth.</b></p> <p><b>Across Ahold Delhaize, each brand works to save, drive same-store sales and fund growth.</b></p>	<p> <b>portfolio and scale efficiencies</b></p> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• Delivery of consistent and sustainable results</li> <li>• €1.9 billion Save for Our Customers target for 2019-2021</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Financial solidity</li> <li>• Solid investment grade credit rating</li> <li>• Environmental, Social and Governance (ESG) investment and prioritization</li> </ul>	<p>Our 2019 results:</p> <ul style="list-style-type: none"> <li>• Net sales: €66.3 billion</li> <li>• Net consumer online sales growth (at constant rates): 28.6%</li> <li>• Underlying operating margin: 4.2%</li> <li>• Free cash flow: €1.8 billion</li> <li>• Underlying earnings per share (EPS): €1.71; increase of 8.4% over 2018</li> <li>• Completion of €1bn share buyback program in 2019 and announcement of new program for 2020 amounting to €1bn</li> </ul> <p> • Strong balance sheet with attractive returns to shareholders through a sustainably growing dividend and the return of excess liquidity to shareholders</p> <p> • Dividend payout ratio of 40-50% of underlying net income</p> <p> • Funds to invest in customers and growth – Save for Our Customers savings of €709 million in 2019</p> <p> • Achievement of ESG goals</p>
<b>Omnichannel network – Tangible capital</b>		
<p><b>We meet our customers every day in our network of stores and pick-up points and through our delivery services.</b></p> <p><b>We take a disciplined approach to capital investments and a balanced capital allocation.</b></p>	<p> <b>omnichannel growth</b></p> <p> <b>portfolio and scale efficiencies</b></p> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• 6,967 brick-and-mortar stores, 242 of which were newly opened / acquired in 2019</li> <li>• 987 pick-up points</li> <li>• Warehouse automation</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Ongoing cash capex spend of approximately 3% of sales</li> <li>• Omnichannel growth – expanding our footprint and in-store experience</li> <li>• State-of-the-art online platforms</li> <li>• Balanced capital allocation</li> <li>• Meal solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Service to more than 54 million customers per week</li> <li>• 12 million online visitors</li> <li>• Net consumer online sales growth (at constant rates): 28.6%</li> <li>• 454 stores remodelled in 2019</li> </ul> <p> • Funding of growth in key retail and eCommerce channels – inorganic and organic</p> <p> • Return on capital among top quartile of the industry</p> <p> • A leading customer experience that helps save time</p> <ul style="list-style-type: none"> <li>• The ability for customers to shop wherever and whenever they want</li> <li>• Access to same-day pickup or delivery for 59% of our U.S. customers</li> <li>• State-of-the-art stores</li> </ul>
<b>Technology – Intellectual capital</b>		
<p><b>We believe technology can help people live better – and we are leveraging it for the benefit of our customers and our business.</b></p> <p><b>We have policies and procedures at all levels of our operations that are aimed at ensuring the quality and safety of products sold.</b></p>	<p> <b>technology</b></p> <p> <b>best talent</b></p> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• Knowledge and expertise</li> <li>• Strong local brands</li> <li>• Inspiring apps and loyalty card programs</li> <li>• Digital solutions</li> <li>• Rollout of self-scan solutions</li> <li>• Nutritional navigation systems</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Innovation and data – redefining retail through AI and robotics</li> </ul>	<ul style="list-style-type: none"> <li>• 66% of net sales generated by loyalty card members</li> <li>• 1,989 stores offering self-scan solutions</li> <li>• Healthy product navigation systems in seven brands</li> <li>• Understanding of local consumer needs</li> <li>• Efficient processes</li> <li>• Established partnerships to accelerate research and development of AI and robotics</li> </ul> <p> • Increase in the number of personalized offers to our customers</p> <ul style="list-style-type: none"> <li>• 5.4 million monthly active mobile app users</li> <li>• Enhanced omnichannel presence and improved customer experience</li> <li>• Make healthier choices easier</li> <li>• Healthy and safe products</li> <li>• Efficient processes facilitating savings for our customers</li> </ul> <p> • Improved internal digital capabilities</p>

# Value creation

- customers
- associates
- communities
- shareholders

	Input	Output	Outcomes for our stakeholders
<b>Associates – Human capital</b>			
<p><b>We are committed to the continued development of our associates, with a strong focus on diversity and inclusion and providing a safe and healthy work environment.</b></p> <p><b>Cultivating our talent supports individual and business growth. Investing in our people ensures we are aligned in our company's purpose, to help people eat well, save time and live better.</b></p>	<ul style="list-style-type: none"> <li> <b>best talent</b></li> <li> <b>technology</b></li> </ul> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• Diverse workforce</li> <li>• Digital / data mindset</li> <li>• Associate wages and safety, health and well-being</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Development and training programs</li> <li>• Programs to attract the best talent</li> <li>• Corporate culture and values</li> <li>• Focus on diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Net sales per associate (FTE) of €286 thousand</li> <li>• 54% women in workforce</li> <li>• 13% Executive Committee members is female</li> <li>• 67% part-time associates</li> <li>• Rate of lost days due to accidents of 2.1 per 200,000 hours worked (2018: 2.4)</li> <li>• 55% of associates under collective labor agreements</li> <li>• 17% reduction of serious injuries</li> <li>• 6.4 million training hours in 2018</li> </ul>	<ul style="list-style-type: none"> <li> • Job opportunities</li> <li>• Better place to work</li> <li>• 2019 associate engagement score of 80% (2018: 79%)</li> <li>• 2019 associate development score of 72% (2018: 72%)</li> <li>• 2019 inclusive workplace score of 78% (2018: 78%)</li> <li>• 2019 Healthy workplace score of 76% (2018: 74%)</li> <li>• Skilled workforce</li> <li>• Safe place to work</li> </ul>
<b>Communities – Social and relationship capital</b>			
<p><b>Our brands are closely connected to their communities, playing a role in the lives of millions of people every day. We feel a deep sense of responsibility for helping people live better.</b></p> <p><b>Our influence – and the positive impact we can have – extends much further than our operating area. Through our suppliers, we are connected to, and impact, communities across the globe.</b></p>	<ul style="list-style-type: none"> <li> <b>healthy and sustainable</b></li> <li> <b>technology</b></li> <li> <b>omnichannel growth</b></li> </ul> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• Focus on providing information on healthy living</li> <li>• Donations, sponsorships and partnerships</li> <li>• Personal data privacy</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Promotion of health and well-being</li> <li>• 80% of own-brand production units in high-risk countries meeting social compliance standards (by end 2020)</li> <li>• 100% of own-brand food production sites certified against GFSI or equivalent standard (by end of 2020)</li> <li>• 50% of own-brand food sales from healthy products (by 2020)</li> </ul>	<ul style="list-style-type: none"> <li>• 71% of own-brand production units in high-risk countries meeting social compliance standards</li> <li>• Sustainable sourcing of products, including seven critical commodities</li> <li>• 90% of own-brand suppliers GFSI-certified</li> <li>• 22.7 million addressable loyalty program participants</li> <li>• Good relationships with communities in our markets</li> <li>• Own-brand food sales from healthy products</li> <li>• €358 million income taxes paid</li> </ul>	<ul style="list-style-type: none"> <li> • 48% of own-brand food sales from healthy products in 2019</li> <li>• 95% of own-brand products with front-of-pack nutritional labeling in 2019</li> <li>• Over seven billion personalized offers sent in 2019</li> <li>• Better place to shop</li> <li>• More health-conscious / informed consumers</li> <li>• Reduced sugar, salt and fat in own-brand products</li> </ul> <hr/> <ul style="list-style-type: none"> <li> • Better neighbor</li> <li>• Connected communities</li> <li>• Associates assisting communities during critical times</li> <li>• Status as responsible taxpayer</li> </ul>
<b>Products and climate – Natural capital</b>			
<p><b>Climate change is a significant global issue impacting our society, our quality of life and our business. The natural environment can be positively or negatively affected by business activities.</b></p> <p><b>The products we sell rely on natural resources, and how they are grown and produced impacts soils, water resources, and biodiversity. We aim to make it easier for customers to understand these connections and more easily shop for sustainably-sourced products.</b></p>	<ul style="list-style-type: none"> <li> <b>healthy and sustainable</b></li> </ul> <p><b>Short- to medium-term focus:</b></p> <ul style="list-style-type: none"> <li>• Waste minimization and plastic reduction</li> <li>• Lowering of carbon emissions</li> <li>• Implementation of Science-Based Targets</li> <li>• Product transparency and safety</li> <li>• Respect for human rights</li> </ul> <p><b>Long-term focus:</b></p> <ul style="list-style-type: none"> <li>• Biodiversity – sourcing of products, including seven critical commodities</li> <li>• Impact of climate change and eliminating waste</li> <li>• Building and maintenance of long-term relationships with strategic suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• 4,056 thousand tonnes CO<sub>2</sub> emissions (SBT); reduction of 159 thousand tonnes in 2019</li> <li>• €1.5 billion in inventories written off during 2019 (own operations) (represents 2.3% of net sales)</li> <li>• 6,649 million kilowatts of energy consumed in 2019 (own operations)</li> <li>• Food waste of 255 thousand tonnes in 2019</li> <li>• Increased number of products with clean labels in our U.S. brands</li> </ul>	<ul style="list-style-type: none"> <li> • 32% CO<sub>2</sub> reduction compared to 2008</li> <li>• 9% food waste (per sales) avoided since 2016</li> <li>• Sustainably sourced products</li> <li>• Better neighbor</li> <li>• Mitigating negative impact on biodiversity</li> </ul>

# Creating value for our stakeholders

## Customers



Our business is built on our relationships with our customers.

We help them eat well, save time and live better by enhancing the whole customer journey – from when they plan their shopping, to the shopping experience itself and even afterwards, when they enjoy our products at home or on-the-go.

**5.4m**  
monthly active mobile app users

**48%**  
own-brand food sales from healthy products

**66%**  
net sales generated from customers enrolled in our loyalty programs in 2019

We meet our customers every day in our network of stores and pick-up points and through our delivery services – all of which enable customers to shop wherever and whenever is most convenient for them. In 2019, we offered our services to even more customers by opening 242 new stores, remodeling 454 stores and increasing our portfolio of pick-up points by 425. We opened new formats, such as urban stores Fresh Atelier in Belgium and Giant Heirloom Market in the U.S., to further customize our offering to the needs of local shoppers.

### Personalizing shopping through tech-enabled loyalty programs

Using technology, through our popular loyalty programs, we are able to make the shopping experience even more relevant by increasingly personalizing it to each customer's specific needs. Approximately 66% of net sales are generated from customers enrolled in our loyalty programs. Over 20 million customers have signed up to receive personalized communications and offers from our local brands, based on their shopping behavior and preferences.

We have adopted a set of Principles for the Responsible Use of Data to ensure we respect people's privacy and act ethically in our business.

We have now implemented digitalized loyalty programs in almost all of our brands and are continuously expanding the range of loyalty benefits and services they provide. Customers often access these benefits through popular apps and websites – such as Albert Heijn's website, which in 2019 was voted by consumers as "Best Website" in the supermarket category of the Website of the year (Website van het Jaar) award, the largest online audience award in the Netherlands.

Through our loyalty programs, we look for innovative ways to provide value to our loyal customers. In 2019, Food Lion received an award for its Shop & Earn personalized loyalty rewards program. Through it, customers can track monthly progress against offers in real time using the Food Lion mobile app or website and redeem wallet earnings automatically on their next purchase.

### Helping customers live better in a healthy and sustainable way

One way we support customers in their aim to live better is by helping them make healthier and more sustainable choices for themselves and the environment.

For example, many of our brands use nutritional navigation systems to help customers choose healthier products. In Europe, Delhaize was the first Belgian retailer to adopt Nutri-Score in 2018, Albert Heijn rolled it out in 2019, and our other European brands are currently evaluating the program. In the U.S., all our brands use a similar program, Guiding Stars.

We also make sure to offer customers a wide variety of healthy and sustainable products when they shop. In 2019, 48% of our total own-brand food sales came from healthier products – and we have the ambition to grow this to 50% by the end of 2020.

# Creating value for our stakeholders

## Customers *continued*



We ensure the products we offer customers are safe, of high quality and are sourced and produced taking into account their environmental and social impact. In 2019, 71% of the production units of our own-brand products in high-risk countries were audited against acceptable social compliance standards.

We have identified seven critical commodities linked to major environmental and social issues such as deforestation, carbon emissions, child labor, forced labor, illegal fishing and overfishing. We have embedded programs in our operations to make sure these commodities – coffee, tea, cocoa, palm oil, soy, seafood and wood fibers – are sourced in a way that mitigates the negative impacts on the environment and communities where they come from.

Alfa Beta has helped develop a new internationally recognized certificate for sea bream and sea bass, as part of its efforts to offer customers seafood from sustainable and responsible sources. The brand is the first Greek retailer to carry the certified product in its stores, under its own-brand label AB Choice. For more details on our progress on the critical commodities, see *Performance review: Group non-financial review*.

### Saving to provide more for our customers

We leverage our scale to save for our customers and ensure we can offer them the best prices and service. In 2019, we exceeded our target, delivering €709 million in savings over the year through our Save for Our Customers program.

We continuously look for ways to add more of the services customers want to our portfolio. In 2019, Albert Heijn acquired the FoodFirst Network – which provides subscribers with advice and tips from experts on nutrition, health, exercise and relaxation – to accelerate its ability to inspire people to live a healthy lifestyle and create a shopping experience that fits the personal needs of each customer.

Our Dutch drugstore chain, Etos, took over the Solvo Group, owner of popular health-related websites in the Netherlands, making it the largest provider of health and wellness information and products for consumers in the country. This marked an important step for Etos towards establishing a new drugstore concept that serves customers around the clock through a combination of physical stores and 24-7 online health information.

### Staying engaged with customers to better serve their needs

Our associates help to develop and maintain close relationships with our customers through their everyday interactions. They provide advice and support as customers shop in our stores, make sure online orders are accurate and complete and staff the strong customer service departments we operate at each of our brands, where customers can ask questions and get assistance.

We make sure to stay tuned in to what customers want through third-party surveys, consumer studies, focus groups and through the immediate feedback they provide to our customer service departments, associates and websites and through social media. This way we know what they want and how we can keep adding value to their shopping experience both in the short and the long term.

# Creating value for our stakeholders

## Associates



Associates are at the center of our relationships with customers and communities.

They bring our Leading Together strategy to life every day, working together to serve customers across our stores, warehouses and support offices.

And they are the reason we have deep connections in our local communities.

**78%**

score on Inclusive Workplace from our associate engagement survey

**54%**

of the workforce is female

**4-6 weeks**

amount of fully paid parental leave benefits now available to full-time associates of Ahold Delhaize USA brands

### Committed to diversity and inclusion

We strive to be a better place to work where associates reflect the markets we serve and where their voices are heard and valued, they find purpose in their work, and they can grow and contribute to the fullest extent. For this reason, diversity and inclusion is a key focus area in all our businesses.

We are committed to tracking and monitoring our candidate and succession slates at the officer level. We select and develop associates from all backgrounds, building diverse succession pools and an inclusive environment. We hold our leaders accountable for inclusion by tying an Inclusive Workplace metric from our yearly associate engagement survey to their annual incentive. In 2019, we had a score of 78% on the Inclusive Workplace dimension, four points higher than the retail benchmark. We are proud of the inclusive culture we are building with and for our associates.

The U.S. brands, including Retail Business Services and Peapod Digital Labs, were recognized as Best Places to Work for LGBTQ equality earlier this year. They received perfect scores on the Human Rights Campaign Foundation's 2020 Corporate Equality Index.

### Supporting associate development

Our brands offer development programs for associates that fit their needs and make sure they receive individual appraisals to identify their strengths and opportunities for further development. In 2019, more than one million learning modules were completed, and offered a wide variety of ways for associates to learn and grow.

There are many talent programs in place for future leaders, including internships, co-op programs, management traineeships, accelerated development and leadership development programs. Leaders play a pivotal role in fostering the right culture, and these programs help drive individual and company growth. Ahold Delhaize Retail Academy, Gearing up for Growth, From Purpose to Legacy, and Leadership Decoded (focused on digital mindset) are just a few examples of the development programs we offer.

### Creating a good work-life balance

Our brands offer flexible working hours, where possible, and make sure associates can have a good work-life balance. Our great local brands are enhancing their leave policies. For example, all Ahold Delhaize USA brands are now offering parental leave benefits providing full-time associates between four and six weeks of fully paid leave after the birth, adoption or legal placement of a child. This new benefit demonstrates our brands' commitment to flexibility, diversity and inclusion, and our value Care.

### Offering equal opportunities for everyone

Our businesses are committed to the principles of equal employment opportunities, freedom of association and respecting the legal right to collective bargaining and we offer associate wages that are in line with market practice. In 2019, 55% of our associates were covered by collective bargaining agreements. In April 2019, negotiations with local unions representing Stop & Shop associates led to an 11-day strike before a new agreement was reached. For more information, see *Performance review: Group financial review*.

# Creating value for our stakeholders

## Associates continued



In 2019, 54% of the workforce across all brands consisted of females. Our Supervisory Board is currently 33% female, and our Management Board will be 25% female as of April 2020. Of the total associates in leadership positions (director and above), 31% are female. We continue to focus on gender balance and in 2019, we signed the CEO Statement of Support for the UN Women's Empowerment Principles. We have also signed the LEAD Network Europe's CEO Pledge to accelerate gender parity and inclusion in our industry.

### Providing a healthy and safe place to work

Workplace safety is another important priority for us. We strive to make sure associates are working in a healthy and safe environment, through several company-wide focus areas.

Ahold Delhaize brands have established executive safety committees as a forum to review and discuss operational risks within the business. They have increased the awareness and prioritization of safety in their communications, at management meetings and through events such as World Day for Safety that support our commitment to ensure a safe place to work and shop.

All of the brands are focused on reducing work-related injuries and have initiated a global focus on activities that lead to Serious Injury and Fatality (SIF) risk. This includes prevention and risk reduction for high-risk activities, such as associates working at heights. We also report the frequency of SIF injuries, to provide more accurate insights into the effectiveness of safety prevention programs. In 2019, the rate of lost days due to accidents decreased by 12.5% and serious injuries decreased by 17%.

Despite the focus on keeping associates safe, in 2019, our Mega Image brand experienced a tragic road accident involving a bus transporting 15 store associates to work in Bucharest, Romania. Eight of them died and seven others were seriously injured in the collision. After many people both inside and outside of the company expressed a desire to help, the brand set up a fund to benefit the victims and their families.

Situations like this increase our dedication and focus on safety, and we strive to learn from tragedy so we can review and enhance safety standards and requirements in our operations.

### Making sure associates have a voice

Each year we conduct a global engagement survey to hear from associates about what's working well and where the company can improve. In 2019, we had a participation rate of 80% and an overall engagement score of 80%. The survey showed that associates feel they work in a safe environment, have clear job expectations, are empowered to make decisions and are treated with respect. In addition, associates provided constructive feedback related to career opportunities and increasing cooperation across the various functions.

### Building deep connections to our communities

Associates connect our brands to their neighborhoods and communities – after all, this is where they live and work. Their knowledge of local needs and passion for being of service enables the brands to do good in a relevant way in all our communities and be better neighbors.

# Creating value for our stakeholders

## Communities



Our brands are closely connected to their communities, playing a role in the lives of millions of people every day.

Many of our stores are places where neighbors come together not only to shop, but to have a chat, grab a coffee or even share a meal.

We feel a deep sense of responsibility for helping people live better in the communities we serve.

**56,681**

tonnes of food donated to food banks

**100%**

of own-brand plastic packaging we commit to make reusable, recyclable or compostable by 2025

**1 billion**

meals Food Lion committed to donate to neighbors in need by the end of 2025

### Supporting our communities when and where they need it most

Our work to reduce our negative impact on the environment becomes more urgent as we see our local communities already feeling the effect of climate change, with extreme weather events, such as hurricanes and flooding, becoming more prevalent. Our local brands are there for our communities when disaster strikes; for example, when Hurricane Dorian hit the East Coast of the United States in September, Food Lion aided relief efforts by accepting financial donations at its stores to benefit the American Red Cross and by providing water, supplies and food to those displaced by the storm.

In addition, each of our brands has a community engagement program in place to support local needs all year round. In 2019, we donated 56,681 tonnes of food to food banks and we donated €17.5 million to community projects. For example, customers at Giant/Martin's donated a record-breaking \$794 thousand to support local hunger-relief efforts during the biannual Bag Hunger campaign. Funds raised go to more than 100 local food pantries. Since 2008, the Bag Hunger campaigns have raised over \$12.3 million. Through its "Food Lion Feeds" program, our Food Lion brand expanded its long-term partnership with Feeding America®, to address hunger and engage customers in a bigger way while committing to donate one billion more meals to neighbors in need by the end of 2025.

At the end of 2019, Mega Image launched its first internal volunteerism program, "12 Acts of Kindness." Associates can choose a charitable cause to support each month, through their intranet platform, Mega Community, and either give their time or a monetary donation.

### Respecting human rights

We are committed to respecting the human rights of our associates, our customers, our communities and the people who work throughout our supply chains. We finalized our global human rights due diligence this year, to identify salient issues in our own operations and our supply chains. The report will be published in the first half of 2020.

### Promoting health and well-being locally

As a food retailer, health and well-being is a major focus area for us in helping people in our communities live better. Many of our brands work to increase awareness among children of the importance of eating well and consuming healthy food. They create educational programs and invite children into their stores to learn more about food retail, and particularly, healthier eating. For example, our Serbian brand continued to operate its innovative Maxi School Caravan that travels around bringing education about healthy eating to thousands of children in elementary schools across the country.

### Focusing on our environment

We are working hard to eliminate waste, reduce the use of plastics in our operations and lower our carbon emissions. In 2019, our total waste increased slightly to a total of 1,039 thousand tonnes. At the same time we increased our waste recycling by one percentage point to 77% and we implemented several programs to reduce the amount of plastic we use. We joined the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, and committed to make 100% of our own-brand plastic packaging reusable, recyclable or compostable by the end of 2025. Many of our brands implemented initiatives to reduce plastic packaging. For example, after Delhaize Belgium received customer comments

# Creating value for our stakeholders

## Communities *continued*



asking why they needed to wrap multi-packs of apples in plastic, the produce team put their heads together to think of a solution, together with the supplier. They came up with an idea to use a carton made from cardboard alone. This has resulted in impressive plastic reduction.

While reducing carbon emissions from our operations, we are working to better understand how climate change will impact our business. We are mapping the emissions from our supply chain and have committed to setting long-term, science-based climate targets covering our operations and supply chain. In 2019, we reduced emissions from our stores, distribution centers and transportation by 159 thousand tonnes to 4,056 thousand tonnes.

### Partnering with suppliers to improve lives outside of our markets

Our influence – and the positive affect we can have – extends much further than our operating area. Through our suppliers, we are connected to, and impact, communities across the globe.

Input from our suppliers, both local and global, helps us to create better products for customers, find new ways to reduce food waste, and increase economic, social and environmental value for the communities we source from throughout the supply chain. To this end, we maintain multiple communication channels with our suppliers, including face-to-face meetings, online communication and supplier events. We aim for long-term relationships and have several strategic partnerships with key suppliers.

In 2019, 71% of own-brand production units in high-risk countries were audited on social compliance.

### Collaborating across the industry to have a global impact

In addition, we collaborate with other retailers and manufacturers, through memberships in industry associations and other partnerships, to improve global health, sustainability, product transparency, compliance monitoring and the well-being of workers in our communities and around the world.

Ahold Delhaize has a strong collaboration with the Consumer Goods Forum, a platform to work on non-competitive issues such as sustainability and health and wellness. Other memberships include regional and local industry associations, such as the Food Marketing Institute, the Dutch Food Retail Association (“Centraal Bureau Levensmiddelenhandel”), the European Retail Round Table, and Eurocommerce.

Ahold Delhaize is a signatory of the United Nations Global Compact – an initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. These principles are addressed in our policies, practices and Leading Together strategy.

### Tax transparency and responsibility

Another way we seek to make a positive impact in the communities where we operate and be a better neighbor is by paying taxes. In doing so, we take into consideration social and corporate responsibility and the interests of all our stakeholders. Our risk appetite for non-tax compliance is very low.

We aim to file our taxes in full compliance with local laws and regulations. Our tax compliance is based on a reasonable and responsible interpretation of tax laws. 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. We also recognize that not contributing our share in taxes could impact the economic development of these countries due to reduced tax receipts.

Ahold Delhaize engages with tax authorities based on mutual trust, and we seek open and transparent working relationships with them. This helps both the tax authorities and Ahold Delhaize ensure timely and efficient compliance. In the U.S., we participate in the IRS Compliance Assurance Program (CAP) and in the Netherlands we concluded a covenant (horizontal monitoring) with the Dutch tax authorities. Starting in 2020, a new arrangement with the Dutch Tax Authorities will be implemented. We attempt to discuss and clarify uncertainties about the tax treatment up-front with the tax authorities.

Additional information on our tax position and tax paid is disclosed in *Note 10* to the consolidated financial statements and in our tax policy as published on the Ahold Delhaize website.

# Creating value for our stakeholders

## Shareholders



We strongly believe that by serving customers, associates and communities well, our businesses will prosper and our shareholders will benefit.

We strive to live up to the trust our shareholders put in us through open and transparent communications about our performance and our plans.

**€1.71**

underlying income per share from continuing operations

**€1 billion +8.6%**

share buyback program

growth to proposed dividend per common share (2019: €0.76)

Our financial strategy and ambitions are intended to ensure we can achieve long-term value creation for our investors by delivering consistent and sustainable results with a focus on strong operational performance, best-in-class cash generation and a disciplined and balanced approach to capital allocation.

### The case for investing

By purchasing or holding Ahold Delhaize shares, investors gain a stake in one of the world's largest retail groups, operating strong local consumer brands in the United States and Europe. We pride ourselves on having:

- Great local brands with 95% of net sales coming from markets where we have a #1 or #2 position.<sup>1</sup>
- Strong free cash flow generation, with a disciplined capital allocation strategy.
- The ability to fund growth in key retail and eCommerce channels. Our goal is to double net consumer online sales from 2018 levels to around €7 billion in 2021.
- A strong focus on cost management, including €1.9 billion of cost savings from our Save for Our Customers program expected from 2019-2021.
- Solid underlying EPS growth prospects.
- A strong balance sheet with attractive returns to shareholders through a sustainably growing dividend paid semi-annually (See section *Key dates* for dividend payment dates) and a €1 billion share buyback program completed during 2019. We announced a new €1 billion share buyback program for 2020, and commenced it on January 2, 2020.

### Committed to transparent communications

We aim to be transparent with our investors about our progress on our Leading Together strategy, including our performance against our targets to build a more sustainable business.

We disclose information through both financial and non-financial performance briefings, such as during our quarterly results releases and conference calls, the annual General Meeting of Shareholders and Capital Markets days. We also publish additional information when relevant. For example, in March 2019, we published an extensive booklet to help shareholders and investors understand the impact of the implementation of IFRS 16 Leases on our results. In addition, we participate in investor conferences and organize roadshows. To demonstrate our commitment to long-term success, our disclosures cover both our financial as well as Environmental, Social and Governance (ESG)-related performance.

ESG performance is becoming more important to shareholders. In 2019, Ahold Delhaize was included in the World Index of the Dow Jones Sustainability Index and received an A score from MSCI in their Retail – Food & Staples industry.

We issued our first Sustainability Bond in 2019 to accelerate the transition toward sustainable food systems, broaden our investor base to reach further like-minded investors, and inspire other global retailers and manufacturers.

See *Information about the Ahold Delhaize shares* under *Performance review* for more information about our dividend, share performance and returns, share-buyback programs, capital structure and major shareholders.

<sup>1</sup> Excluding bol.com, Peapod, Etos and Gall & Gall. Based upon latest available data.

# Group financial review

## Group performance

These are the key indicators that help us to monitor our progress towards our goals and measure our success. We include them to help give readers a better understanding of our Company's overall performance.

### Net sales

**€66.3bn** +5.5%<sup>1</sup>  
2018: €62.8bn

### Comparable sales growth (excluding gasoline sales)

**1.9%**

### Underlying operating income

**€2,777m** +0.6%<sup>2</sup>  
2018: €2,761m

### Underlying operating margin

**4.2%**

### Free cash flow

**€1.8bn**

<sup>1</sup> +2.3% at constant rates.

<sup>2</sup> -2.6% at constant rates.

Due to the implementation of IFRS 16 and the application of the full retrospective approach, the 2018 comparative figures have been restated. See Note 36 of the consolidated financial statements for more details.

€ million	2019	2018 restated	Change	% change
<b>Net sales</b>	<b>66,260</b>	62,791	3,469	5.5%
Of which: online sales	<b>3,493</b>	2,817	676	24.0%
Cost of sales	<b>(48,200)</b>	(45,838)	(2,362)	(5.2)%
<b>Gross profit</b>	<b>18,060</b>	16,953	1,107	6.5%
Operating expenses	<b>(15,397)</b>	(14,330)	(1,067)	(7.4)%
<b>Operating income</b>	<b>2,662</b>	2,623	39	1.5%
Net financial expense	<b>(528)</b>	(487)	(41)	(8.5)%
<b>Income before income taxes</b>	<b>2,134</b>	2,136	(2)	(0.1)%
Income taxes	<b>(417)</b>	(373)	(44)	(11.9)%
Share in income of joint ventures	<b>50</b>	34	16	46.5%
<b>Income from continuing operations</b>	<b>1,767</b>	1,797	(30)	(1.7)%
Income (loss) from discontinued operations	<b>(1)</b>	(17)	16	(94.9)%
<b>Net income</b>	<b>1,766</b>	1,780	(14)	(0.8)%
<b>Operating income</b>	<b>2,662</b>	2,623	39	1.5%
Adjusted for:				
Impairment losses and reversals – net	<b>89</b>	53	36	
(Gains) losses on leases and the sale of assets – net	<b>(53)</b>	(23)	(30)	
Restructuring and related charges and other items	<b>78</b>	108	(30)	
<b>Underlying operating income</b>	<b>2,777</b>	2,761	16	0.6%
Underlying operating income margin	<b>4.2%</b>	4.4%	(0.2)% pt	
Underlying EBITDA <sup>1</sup>	<b>5,510</b>	5,363	147	2.7%
Underlying EBITDA margin <sup>1</sup>	<b>8.3%</b>	8.5%	(0.2)% pt	

<sup>1</sup> Underlying operating income was adjusted for depreciation and amortization in the amount of €2,732 million for 2019 and €2,602 million for 2018. The €26 million difference between the total amount of depreciation and amortization for 2019 of €2,758 million and the €2,732 million mentioned above relates to two items which were excluded from underlying operating income. This difference amounted to €5 million in 2018.

# Group financial review

## Group performance *continued*

### Shareholders

€	2019	2018 restated	% Change
Net income per share attributable to common shareholders (basic)	<b>1.60</b>	1.51	5.4%
Underlying income per share from continuing operations	<b>1.71</b>	1.57	8.4%
Dividend payout ratio	<b>44%</b>	42%	2.0% pt
Dividend per common share	<b>0.76</b>	0.70	8.6%

### Other information

€ million	2019 € million	2018 restated € million	Change
Net debt	<b>11,581</b>	10,978	5.5%
Free cash flow	<b>1,843</b>	2,165	(14.9)%
Capital expenditures included in cash flow statement (excluding acquisitions)	<b>2,218</b>	1,780	24.6%
Number of employees	<b>380,000</b>	372,000	2.2%
Credit rating / outlook Standard & Poor's	<b>BBB / stable</b>	BBB / stable	–
Credit rating / outlook Moody's	<b>Baa1 / stable</b>	Baa1 / stable	–

Certain key performance indicators contain alternative performance measures. The definitions of these measures are described in the *Definitions: Performance measures* section of this Annual Report.

### Net sales

€ billion



### Net sales

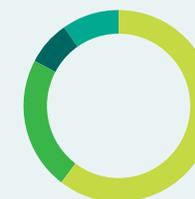
Net sales for the financial year ended December 29, 2019, were €66,260 million, an increase of €3,469 million, or 5.5%, compared to net sales of €62,791 million for the financial year ended December 30, 2018. At constant exchange rates, net sales were up by €1,480 million or 2.3%.

€ million	2019	2018 reinstated	Change versus prior year	% change	Change versus prior year at constant exchange rates	% change at constant exchange rates
<b>Net sales</b>	<b>66,260</b>	62,791	<b>3,469</b>	5.5%	1,480	<b>2.3%</b>
Of which gasoline sales	<b>952</b>	1,017	<b>(65)</b>	(6.5)%	(118)	<b>(11.0)%</b>
<b>Net sales excluding gasoline</b>	<b>65,308</b>	61,774	<b>3,534</b>	5.7%	1,598	<b>2.5%</b>
Of which online sales	<b>3,493</b>	2,817	<b>676</b>	24.0%	636	<b>22.3%</b>
<b>Net consumer online sales</b>	<b>4,547</b>	3,494	<b>1,053</b>	30.1%	1,012	<b>28.6%</b>

Gasoline sales decreased by 6.5% in 2019 to €952 million. At constant exchange rates, gasoline sales decreased by 11.0%, driven by both decreased gasoline prices and decreased volumes.

Net sales excluding gasoline increased in 2019 by €3,534 million, or 5.7%, compared to 2018. At constant exchange rates, net sales excluding gasoline increased in 2019 by €1,598 million, or 2.5% compared to 2018. Sales growth was negatively impacted by the 11-day strike at Stop & Shop. The direct impact of the strike on net sales is estimated at \$224 million, and, in addition, the subsequent sales loss during the recovery period following the strike is estimated to be \$121 million. Sales growth was driven by the growth of our eCommerce businesses, new store openings, and positive comparable sales growth in most segments.

### Net sales contribution by segment



The United States	<b>60.5%</b>
The Netherlands	<b>22.4%</b>
Belgium	<b>7.7%</b>
Central and Southeastern Europe	<b>9.5%</b>

# Group financial review

## Group performance *continued*

### Online sales

We continued to see strong sales growth in our online businesses. Ahold Delhaize's online businesses contributed €3,493 million to net sales in 2019 (2018: €2,817 million). Net consumer online sales amounted to €4,547 million and increased in 2019 by 28.6% at constant exchange rates.

### Gross profit

Gross profit was up by €1,107 million, or 6.5%, compared to 2018. At constant exchange rates, gross profit increased by €525 million, or 3.0%. Gross profit margin (gross profit as a percentage of net sales) for 2019 was 27.3%, an increase of 0.3 percentage points compared to 27.0% in 2018. Higher vendor allowances were partly offset by higher shrink and logistics and distribution costs.

### Operating expenses

In 2019, operating expenses increased by €1,067 million, or 7.4%, to €15,397 million, compared to €14,330 million in 2018. At constant exchange rates, operating expenses increased by €572 million, or 3.9%. As a percentage of net sales, operating expenses increased by 0.4% to 23.2%, compared to 22.8% in 2018. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales increased by 0.3 percentage points.

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 – net, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized below.

### Impairment losses and reversals – net

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2019 and 2018:

€ million	2019	2018 restated
The United States	(67)	(26)
The Netherlands	(2)	(13)
Belgium	(2)	–
Central and Southeastern Europe	(18)	(14)
<b>Total</b>	<b>(89)</b>	<b>(53)</b>

Impairment charges in 2019 were €89 million, up by €36 million compared to 2018. The impairments in both years mainly related to underperforming stores and investment property.

### Online sales

€ billion



### Net consumer online sales

€ billion



# Group financial review

## Group performance *continued*

### 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 2019 and 2018:

€ million	2019	2018 restated
The United States	39	17
The Netherlands	13	1
Belgium	(5)	2
Central and Southeastern Europe	2	3
Global support office	4	–
<b>Total</b>	<b>53</b>	<b>23</b>

The gains (losses) in 2019 were €53 million, which was €30 million higher than 2018, mainly due to the €22 million increase in the United States, explained by the sale of non-strategic investment property, pharmacy scripts, stores and properties, and the €12 million increase in the Netherlands, mainly explained by a gain on leases and subleases at Albert Heijn.

### Restructuring and related charges and other items

Restructuring and related charges and other items in 2019 and 2018 were as follows:

€ million	2019	2018 restated
The United States	(16)	(57)
The Netherlands	(22)	(5)
Belgium	(13)	(14)
Central and Southeastern Europe	(18)	(1)
Global Support Office	(10)	(31)
<b>Total</b>	<b>(78)</b>	<b>(108)</b>

Restructuring and related charges and other items in 2019 were €78 million, down by €30 million compared to 2018. This decrease is mainly explained by €55 million lower integration costs related to the merger between Ahold and Delhaize, as the merger was fully completed in Q2 2019, partially offset by higher one-time costs mainly in the Netherlands, due to restructuring, and CSE, mainly due to assets write-down.

### Operating income

Operating income in 2019 was up by €39 million, or 1.5%, to €2,662 million compared to €2,623 million in 2018. The increase of €39 million is explained by the changes in gross profit and operating expenses, which are explained above. At constant rates, operating income was down (1.7)%.

### Net financial expenses

Net financial expenses in 2019 increased by €41 million, or 8.5%, to €528 million compared to €487 million in 2018. The increase was primarily due to other gains (losses). This related to transaction results from the redemption of the cumulative preferred shares, which resulted in a one-off cost of €22 million, and a cancellation of mortgages payable in the Czech Republic, which resulted in a one-off cost of €13 million.

### Income taxes

In 2019, income tax expense excluding the impact of statutory corporate income tax rate changes was €412 million, up by €20 million compared to €392 million in 2018 (excluding the impact of statutory corporate income tax rate changes).

The effective tax rate, calculated as a percentage of income before income tax, excluding the impact of statutory corporate income tax rate changes, was 19.3% in 2019 (2018: 18.4%). The increase in the effective tax rate from 18.4% to 19.3% and the increase in income tax expense are mainly the result of one-time items in 2018 and 2019.

The 2019 tax expense, including the one-time impact of statutory corporate income tax rate changes, was €417 million. The effective tax rate, calculated as a percentage of income before income tax, including the one-time impact of statutory corporate income tax rate changes, was 19.6% in 2019 (2018: 17.5%). The impact of the statutory corporate income tax rate changes was a tax expense of €5 million in 2019 and a tax benefit of €19 million in 2018.

# Group financial review

## Group performance *continued*

### Share in income of joint ventures

Ahold Delhaize's share in income of joint ventures was €50 million in 2019, up by €16 million compared to last year. The €16 million increase is mainly explained by our 49% shareholding in JMR (€3 million) and 51% share in Super Indo (€5 million). For further information about joint ventures, see *Note 15* to the consolidated financial statements.

### Underlying operating income and underlying operating income margin

Underlying operating income was €2,777 million in 2019, up €16 million, or 0.6%, versus €2,761 million in 2018. Underlying operating income margin in 2019 was 4.2%, compared to 4.4% in 2018. At constant exchange rates, underlying operating income was down by €74 million, or 2.6%, compared to 2018. 2019 result was negatively impacted by the strike at Stop & Shop, impacting underlying operating income by approximately \$100 million.

With the integration of Ahold and Delhaize fully completed in Q2 2019, we achieved synergies of €512 million on an annual run-rate basis, slightly ahead of our €500 million target.

Tight cost management remains a core objective of our business model. Our Save for Our Customers program has delivered €709 million this year, well on our way to reach our updated target of €1.9 billion savings by 2021. This enables us to continue to invest in our customer proposition and, at the same time, provides our businesses with optimized store processes and improved sourcing conditions.

As a result of the implementation of IFRS 16, the comparative figures for the 2018 financial year for underlying operating income and underlying EBITDA have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
<b>Operating income</b>	<b>2,395</b>	<b>228</b>	<b>2,623</b>
Impairment losses and reversals – net	58	(5)	53
(Gains) losses on leases and the sale of assets – net	(7)	(16)	(23)
Restructuring and related charges and other	108	–	108
Adjustments to operating income	159	(21)	138
<b>Underlying operating income</b>	<b>2,554</b>	<b>207</b>	<b>2,761</b>
Depreciation and amortization <sup>1</sup>	1,751	851	2,602
<b>Underlying EBITDA</b>	<b>4,305</b>	<b>1,058</b>	<b>5,363</b>

<sup>1</sup> Underlying operating income was adjusted for depreciation and amortization in the amount of €1,751 million for 2018 as reported and €2,602 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €1,758 million and the €1,751 million mentioned above relates to an item that was excluded from underlying operating income. For the 2018 restated, the difference is €5 million.

### Underlying operating income

€ billion



<sup>1</sup> 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 segment<sup>1</sup>



The United States	58.7%
The Netherlands	26.6%
Belgium	5.1%
Central and Southeastern Europe	9.6%

<sup>1</sup> Before Global Support Office costs.

# Group financial review

## Financial position

Ahold Delhaize's consolidated balance sheets as of December 29, 2019, and December 30, 2018, are summarized as follows:

€ million	December 29, 2019	% of total	December 30, 2018 restated	% of total
Property, plant and equipment	<b>10,519</b>	<b>25.4%</b>	10,046	25.2%
Right-of-use asset	<b>7,308</b>	<b>17.6%</b>	7,027	17.6%
Intangible assets	<b>12,060</b>	<b>29.1%</b>	11,813	29.7%
Pension assets	<b>43</b>	<b>0.1%</b>	24	0.1%
Other non-current assets	<b>1,990</b>	<b>4.8%</b>	2,002	5.0%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments <sup>1</sup>	<b>3,863</b>	<b>9.3%</b>	3,507	8.8%
Inventories	<b>3,347</b>	<b>8.1%</b>	3,196	8.0%
Other current assets	<b>2,360</b>	<b>5.6%</b>	2,215	5.6%
<b>Total assets</b>	<b>41,490</b>	<b>100.0%</b>	39,830	100.0%
Group equity	<b>14,083</b>	<b>33.9%</b>	14,205	35.7%
Non-current portion of long-term debt	<b>12,325</b>	<b>29.7%</b>	12,408	31.2%
Pensions and other post-employment benefits	<b>677</b>	<b>1.6%</b>	532	1.3%
Other non-current liabilities	<b>1,816</b>	<b>4.4%</b>	1,742	4.4%
Short-term borrowings and current portion of long-term debt and lease liabilities <sup>1</sup>	<b>3,119</b>	<b>7.5%</b>	2,077	5.2%
Payables	<b>6,311</b>	<b>15.2%</b>	5,815	14.6%
Other current liabilities	<b>3,159</b>	<b>7.7%</b>	3,051	7.6%
<b>Total equity and liabilities</b>	<b>41,490</b>	<b>100.0%</b>	39,830	100.0%

<sup>1</sup> See footnotes to next table (page 40) for a reconciliation of amounts to the figures included in the consolidated financial statements.

Total assets increased by €1,660 million. Property, plant and equipment increased by €473 million, primarily due to the capital expenditure levels, which were higher than depreciation. In addition, the balance was also impacted by the strengthening of the U.S. dollar against the euro. For more information, see *Note 11* to the consolidated financial statements. Right-of-use assets increased by €281 million. Investments and reassessments and modifications to leases were higher than depreciation, and the balance was impacted by the strengthening of the U.S. dollar against the euro. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets increased by €247 million and investments are nearly offset by amortization. The balance is primarily impacted by exchange rate differences of the U.S. dollar against the euro. For more information, see *Note 14* to the consolidated financial statements.

Our defined benefit plans showed a net deficit of €633 million at year-end 2019 compared to a net deficit of €508 million at year-end 2018. This increase was the result of €76 million of actuarial remeasurements, €39 million of excess annual expenses over contributions and a strengthening of the U.S. dollar (€10 million).

A significant number of union employees in the United States are covered by multi-employer plans. With the help of external actuaries, we have updated the most recently available information that these plans have provided (generally as of January 1, 2018) for market trends and conditions through the end of 2019. We estimate our proportionate share of the total net deficit to be \$962 million (€861 million) at year-end 2019 (2018: \$1,228 million or €1,073 million). These amounts are not recognized on our balance sheet. While this is our best estimate based on the information available to us, it is imprecise and a reliable estimate of the amount of the obligation cannot be made. For more information, see *Note 24* to the consolidated financial statements.

# Group financial review

## Financial position *continued*

€ million	December 29, 2019	December 30, 2018 restated
Loans	3,841	3,683
Lease liabilities	8,484	8,270
Cumulative preferred financing shares	—	455
Non-current portion of long-term debt	12,325	12,408
Short-term borrowings, current portion of long-term debt and lease liabilities <sup>1</sup>	3,119	2,077
<b>Gross debt</b>	<b>15,445</b>	<b>14,485</b>
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments <sup>2, 3, 4, 5</sup>	3,863	3,507
<b>Net debt</b>	<b>11,581</b>	<b>10,978</b>

- Short-term borrowings, current portion of long-term debt and lease liabilities comprises €1,211 million lease liabilities, €60 million short-term borrowings, €1,395 million bank overdrafts and €453 million current portion loans (for more information see *Note 27* to the consolidated financial statements).
- Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at December 29, 2019, was €15 million (December 30, 2018: €266 million) and is presented within Other current financial assets in the consolidated balance sheet.
- Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €130 million (December 30, 2018: €119 million).
- Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at December 29, 2019, was €277 million (December 30, 2018: €292 million).
- Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,391 million (December 30, 2018: €695 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.

In 2019, gross debt increased by €960 million to €15,445 million, primarily due to an increase of the overdraft position of a notional cash pooling arrangement and the increase of the lease liability. Other gross debt changes, while material, broadly offset each other. The latter included the issuance of €600 million bonds in June, the redemption of \$130 million outstanding bonds due in April 2019 and the repurchase and cancellation of €455 million cumulative preferred financing shares.

Ahold Delhaize's net debt was €11,581 million as of December 29, 2019 – an increase of €603 million from December 30, 2018. The increase in net debt was mainly the result of the payment of the common stock dividend (€1,114 million) and the completion of the €1 billion share buyback program, which more than offset the free cash flow generation (€1,843 million).

As a result of the implementation of IFRS 16, the 2018 gross and net debt figures have been restated as follows:

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Loans	3,683	—	3,683
Lease liabilities	1,379	6,891	8,270
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,517	6,891	12,408
Short-term borrowings and current portion of long-term debt	1,095	982	2,077
<b>Gross debt</b>	<b>6,612</b>	<b>7,873</b>	<b>14,485</b>
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,507	—	3,507
<b>Net debt</b>	<b>3,105</b>	<b>7,873</b>	<b>10,978</b>

Gross and net debt  
€ billion



<sup>1</sup> 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 financial review

## Liquidity

	December 29, 2019	December 30, 2018 restated
Total cash and cash equivalents (Note 20)	3,717	3,122
Short-term deposits and similar instruments (Note 19)	15	266
Investments in debt instruments (FVPL) – current portion (Note 19)	130	119
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,863	3,507
Less: Notional cash pooling arrangement	1,391	695
<b>Liquidity position</b>	<b>2,472</b>	<b>2,812</b>

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 29, 2019, the Company's liquidity position primarily consisted of €2,472 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 and available cash balances 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 amount available on its revolving credit facility and to the debt capital markets based on its current credit ratings.

### Group credit facility

Ahold Delhaize has access to a €1.0 billion committed, unsecured, multi-currency and syndicated credit facility. In February 2015, the facility was amended and extended to 2020 with two 1-year extension options. In 2017, the Company exercised its option to extend until 2022.

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 specified maximum leverage ratio. On May 3, 2019, the lenders agreed to amend the maximum leverage ratio from 4.0:1 to 5.5:1 as a result of the implementation of IFRS 16.

During 2019 and 2018, the Company was in compliance with these covenants. However, it was not required to test the financial covenant due its credit rating. As of December 29, 2019, there were no outstanding borrowings under the facility other than letters of credit to an aggregate amount of \$165 million (€148 million).

### Credit ratings

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

- Standard & Poor's: corporate credit rating BBB, with a stable outlook since 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 financial review

## Cash flows

Ahold Delhaize's consolidated cash flows for 2019 and 2018 are as follows:

€ million	2019	2018 restated
Operating cash flows from continuing operations	<b>5,449</b>	5,360
Purchase of non-current assets (cash capital expenditure)	<b>(2,218)</b>	(1,780)
Divestment of assets / disposal groups held for sale	<b>144</b>	27
Dividends received from joint ventures	<b>36</b>	17
Interest received	<b>56</b>	74
Lease payments received on lease receivables	<b>94</b>	86
Interest paid	<b>(189)</b>	(227)
Repayments of lease liabilities	<b>(1,530)</b>	(1,392)
<b>Free cash flow</b>	<b>1,843</b>	2,165
Proceeds from long-term debt	<b>596</b>	798
Repayments of loans	<b>(656)</b>	(783)
Changes in short-term loans	<b>689</b>	(733)
Changes in short-term deposits and similar instruments	<b>253</b>	(242)
Dividends paid on common shares	<b>(1,114)</b>	(757)
Share buyback	<b>(1,002)</b>	(2,003)
Acquisition / divestments of businesses, net of cash	<b>(54)</b>	(33)
Other cash flows from derivatives	<b>(5)</b>	(29)
Other	<b>(15)</b>	30
<b>Net cash from operating, investing and financing activities</b>	<b>535</b>	(1,587)

Operating cash flows from continuing operations were higher by €89 million. At constant exchange rates, operating cash flows from continuing operations were lower by €71 million, or (1.3)%. The purchase of non-current assets was higher by €438 million, or €392 million higher at constant exchange rates.

### Free cash flow

Free cash flow, at €1,843 million, decreased by €322 million compared to 2018, driven by higher net capital expenditures and higher repayment of lease obligations. In 2019, the main uses of free cash flow included:

- Share buyback program, for a total amount of €1,002 million.
- Common stock dividend of €0.70 per share for 2018 and common stock dividend of €0.30 per share for 2019 resulting in a total cash outflow of €1,114 million.
- Repayment of bonds due in 2019 for \$130 million and the repurchase and cancellation of the €455 million cumulative preferred financing shares.

As a result of the implementation of IFRS 16, the free cash flow definition has been updated as explained in *Definitions: Performance measures*. The comparative figures for the 2018 financial year have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	4,124	1,065	5,189
Changes in working capital	484	(33)	451
Income taxes paid – net	(280)	–	(280)
Purchase of non-current assets	(1,780)	–	(1,780)
Divestments of assets / disposal groups held for sale	27	–	27
Dividends received from joint ventures	17	–	17
Interest received	74	–	74
Interest paid	(324)	97	(227)
<b>Free cash flow – old definition</b>	<b>2,342</b>	<b>1,129</b>	<b>3,471</b>
Lease payments received on lease receivables	–	86	86
Repayment of lease liabilities	(177)	(1,215)	(1,392)
<b>Free cash flow – new definition</b>	<b>2,165</b>	<b>–</b>	<b>2,165</b>

# Group financial review

## Capital investments and property overview

Capital expenditure, including acquisitions and additions to right-of-use assets, amounted to €3,604 million in 2019 and €2,838 million in 2018. Total cash capex for the year amounted to €2,218 million in 2019, an increase of €438 million compared to the previous year.

€ million	2019	2018 restated	Change versus prior year	% of sales
The United States	2,021	1,603	418	5.0%
The Netherlands	882	583	299	6.0%
Belgium	176	167	9	3.4%
Central and Southeastern Europe	398	368	30	6.3%
Global Support Office	36	51	(15)	
<b>Total regular capital expenditures</b>	<b>3,512</b>	2,772	740	5.3%
Acquisition capital expenditures <sup>1</sup>	92	66	26	0.1%
<b>Total capital expenditures</b>	<b>3,604</b>	2,838	766	5.4%
<b>Total regular capital expenditures</b>	<b>3,512</b>	2,772	740	5.3%
Right-of-use assets <sup>2</sup>	(1,296)	(823)	(473)	(2.0)%
Change in PP&E Payables (and other non-cash adjustments)	1	(169)	170	–%
<b>Total cash capex</b>	<b>2,218</b>	1,780	438	3.3%

<sup>1</sup> Including conversion expenditure of acquired stores.

<sup>2</sup> Right-of-use assets comprises additions (€499 million), reassessments and modifications to leases (€769 million) (for more information see Note 12 to the consolidated financial statements) as well as additions (€15 million) and reassessments and modifications to leases (€12 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 to the construction, remodeling and expansion of our stores and supply chain (including online), as well as IT infrastructure improvements. Excluding acquisitions, capital expenditures in 2019 totaled €3,512 million. The increase, compared to 2018, mainly relates to investments in new distribution centers and a larger number of new store openings in 2019.

As of December 29, 2019, Ahold Delhaize operated 6,967 stores. The Company's total sales area amounted to 9.5 million square meters in 2019, an increase of 1.0% from 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	1,961	19	(7)	<b>1,973</b>
The Netherlands <sup>1</sup>	2,151	28	(23)	<b>2,156</b>
Belgium	777	25	(6)	<b>796</b>
Central and Southeastern Europe	1,880	170	(8)	<b>2,042</b>
<b>Total number of stores</b>	<b>6,769</b>	242	(44)	<b>6,967</b>

<sup>1</sup> The number of stores as of December 29, 2019, includes 1,127 specialty stores (Etos and Gall & Gall) (December 30, 2018: 1,139 specialty stores).

The total number of retail locations owned or leased by Ahold Delhaize was 5,776 in 2019. This total includes 523 stores sub-leased to franchisees and 21 pick-up points in stand-alone locations. Ahold Delhaize also operates 244 gas stations in the premises of some of the group's stores. The total number of retail locations owned or leased increased by 148 compared to 2018.

	2019	2018	Change versus prior year
Number of stores operated by Ahold Delhaize	<b>5,232</b>	5,093	139
Number of stores operated by franchisees	<b>1,735</b>	1,676	59
<b>Number of stores operated</b>	<b>6,967</b>	6,769	198

Franchisees operated 1,735 stores in the Netherlands, Belgium, Luxembourg and Greece.

	2019	2018	Change versus prior year
Number of stand-alone pick-up points	<b>21</b>	22	(1)
Number of in-store pick-up points	<b>966</b>	540	426
<b>Total</b>	<b>987</b>	562	425

At the end of 2019, Ahold Delhaize operated 987 pick-up points, which was 425 more than in 2018. These were either stand-alone, in-store or office-based.

**Ahold Delhaize also operated the following other properties as of December 29, 2019:**

Warehouse / distribution centers / production facilities / offices	136
Properties under construction / development	53
Investment properties	877
<b>Total</b>	<b>1,066</b>

The investment properties consist of buildings and land. The vast majority of these properties were subleased to third parties. Of these, most were shopping centers containing one or more Ahold Delhaize stores and third-party retail units generating rental income.

# Group financial review

## Earnings and dividend per share

Income from continuing operations per common share (basic) was €1.60, an increase of €0.07 or 4.5% compared to 2018. The main driver is the decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2019 (see *Note 21* to the consolidated financial statements for more information on the share movements). Lower income from continuing operations and an increase on charges from non-recurring items provided a partial offset. Underlying income from continuing operations per common share (basic) was €1.71, an increase of €0.14 or 8.4% compared to 2018, driven by the share buyback program and higher underlying operating profits after tax. The implementation of the IFRS 16 standards impacted the income from continuing operations per common share (basic) and underlying income from continuing operations per common share (basic) in 2018 by €(0.01) and €(0.03), respectively.

Ahold Delhaize's policy is to target a dividend payout of 40-50% of its underlying income from continuing operations. As part of our dividend policy, we adjust income from continuing operations for Impairment losses and reversals – net, gains (losses) on leases and the sale of assets – net, restructuring and related charges, and other unusual items. Underlying income from continuing operations amounted to €1,888 million in 2019 and €1,852 million in 2018, respectively, and was determined as follows:

€ million	2019	2018 restated
<b>Income from continuing operations</b>	<b>1,767</b>	1,797
Adjusted for:		
Impairment losses and reversals – net	<b>89</b>	53
(Gains) losses on leases and the sale of assets – net	<b>(53)</b>	(23)
Restructuring and related charges and other items	<b>78</b>	108
Unusual items in net financial expense	<b>37</b>	(7)
Tax effect on adjusted and unusual items	<b>(30)</b>	(59)
Tax rate changes due to local tax reforms <sup>1</sup>	–	(17)
<b>Underlying income from continuing operations</b>	<b>1,888</b>	1,852
Income from continuing operations per share attributable to common shareholders	<b>1.60</b>	1.53
Underlying income from continuing operations per share attributable to common shareholders	<b>1.71</b>	1.57

<sup>1</sup> The statutory corporate income tax rate changes as a result of local tax reforms show the impact of recalculating Ahold Delhaize Netherlands' deferred tax positions and applying the reduced statutory Dutch corporate income tax rates; see *Note 10* to the consolidated financial statements for more information.

We propose a cash dividend of €0.76 per share for the financial year 2019, an increase of 8.6% compared to 2018, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 44% of underlying net income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.46 per share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019. The total dividend payment for the full year 2019 would therefore total €826 million.

### Underlying income from continuing operations per common share (basic)



<sup>1</sup> 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.

### Dividend per common share



As a result of the implementation of IFRS 16, the comparative figures for the 2018 financial year have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
<b>Income from continuing operations</b>	<b>1,809</b>	<b>(12)</b>	<b>1,797</b>
Adjustments to operating income	159	(21)	138
Unusual items in net financial expenses	(7)	–	(7)
Tax effect on adjusted and unusual items	(59)	–	(59)
Tax rate changes due to local tax reforms	(22)	5	(17)
<b>Underlying income from continuing operations</b>	<b>1,880</b>	<b>(28)</b>	<b>1,852</b>
Basic income from continuing operations per share <sup>1</sup>	1.54	(0.01)	1.53
Underlying income from continuing operations per share <sup>1</sup>	1.60	(0.03)	1.57

<sup>1</sup> Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for 2018 is 1,176 million.

# Group non-financial review

## Our 2020 Sustainable Retailing ambition

For the past four years we have been working towards a set of ambitions for 2020, outlined in our Sustainable Retailing strategy, which supports the achievement of our Leading Together strategy.

Our Sustainable Retailing 2020 strategy was shaped by our most material topics, the UN Sustainable Development Goals (SDGs) and market knowledge from our great local brands. We also considered trends in our markets and around the world, integrated stakeholder feedback, and referenced other global frameworks (such as the OECD Guidelines for Multinational Enterprises).

To reach these ambitions by the end of 2020, we have taken steps that make it easier for our customers to eat more nutritious food, which helps to reduce the prevalence of diseases and increase overall vitality.

We have reduced food waste, in line with our aim to responsibly manage the earth's resources, and worked with food banks to feed the undernourished in our communities.

We have celebrated a diverse and inclusive workforce and helped associates to reach their potential so they can thrive. And we have further reduced our climate impact by continuing to lower our carbon emissions.

In addition to the focus areas outlined above, we have continued our journey to improve performance in: associate development, climate impact, product safety and sustainability, safety at work and local community connection. The following section shows how we performed in 2019 on the targets we set in our Sustainable Retailing 2020 strategy.

Now that 2020 is upon us, we have developed our healthy and sustainable ambition for 2025, which describes how and where we aim to accelerate toward food systems that are healthier for people and the planet. For more information, see *Our growth drivers: Healthy and sustainable*.

### How we manage sustainable retailing

The Executive Committee, supervised and advised by the Supervisory Board (and its Sustainability and Innovation Committee) has accountability for setting strategy and driving performance. Brand leadership is responsible for establishing implementation plans, resourcing their plans and monitoring performance. The Sustainable Retailing function reports directly to the President and CEO at the global level. The Vice President Sustainable Retailing and the Group Support Office Sustainable Retailing team are responsible for advising on Ahold Delhaize's Sustainable Retailing strategy, reporting global performance internally and externally, engaging external stakeholders, supporting the brands in implementation, monitoring trends, and tracking related issues and risks. A global Sustainable Retailing Steering Committee, made up of Executive Sponsors from the local brands and relevant global functional leaders, reviews and recommends the strategic direction and public targets, and tracks overall performance.

This year's annual report on fiscal year 2019 contains sustainable retailing data from all Ahold Delhaize brands except bol.com, Etos, Gall & Gall and Peapod, unless otherwise noted.

From an operational scope perspective, the data includes the following parts of the business, unless specifically noted otherwise:

- All stores (company-owned and franchise / affiliated stores)
- Offices
- Company-owned distribution centers, including all transportation from distribution centers to stores, regardless of whether the transportation companies are owned by Ahold Delhaize.

When we did not achieve full alignment in reporting on an indicator for 2019, we have explained it in the footnotes.

### Global Reporting Initiative

We use the GRI Standards: Core option to report on our progress. An overview of how we followed the GRI standards can be found at [www.aholddelhaize.com](http://www.aholddelhaize.com). For more information on the definitions used see *Definitions: Performance measures*.

# Group non-financial review

## Product

Our local brands are well-positioned to help customers understand the impact of their buying decisions and enable them to make choices that fit their needs, their tastes and their values.

Healthier food leads to healthier communities; nutritious food reduces the risk of chronic diseases and contributes to a community's overall resilience and vitality. Eating healthier is a priority for our customers. They look to us for fresh, healthy inspiration as they strive to serve delicious, nutritious family meals, every day.

### Our programs and targets are supportive of the Sustainable Development Goals



Promote healthier eating	2019 <sup>1</sup>	2018	2020 target
% of healthy own-brand food sales as a proportion of total own-brand food sales <sup>1</sup>	<b>48%</b>	47%	50%
% of own-brand products with front-of-pack nutritional labeling	<b>95%</b>	88%	100%

<sup>1</sup> 2019 data includes Peapod.

During 2019, we further increased the sale of healthy own-brand products as a portion of total own-brand food sales to 48%. The percentage of our own-brand products with front-of-pack nutritional labeling increased by seven percentage points to 95%.

The increase in healthy own-brand sales was mainly driven by the reformulation of products, marketing campaigns and increased communication to customers. Many of our brands now have healthy navigation systems in place, such as Guiding Stars and Nutri-Score. Reformulation of products at Stop & Shop, Giant Food and Giant/Martin's had a positive impact on their own-brand healthy sales.

After the launch of Nutri-Score last year, Delhaize Belgium took another step towards integrating Nutri-Score into associates' lives by giving them extra purchasing power to buy healthy foods. The "Healthy UCoins" project was piloted in 2019, offering associates a 20% discount on products with a Nutri-Score A or B, including fruits and vegetables, chicken and water. Due to the pilot's success, Delhaize Belgium extended the program to also offer discounts to customers buying the same Nutri-Score A and B products, on top of any other discounts offered at the time. The combined customer and associate program lasted four months and was called NutriPlus.

Giant Food launched its first-ever podcast, "Nutrition Made Easy!" The informative series of discussions, led by Giant's registered dietitians and nutritionists, answers customers' most frequently asked questions and gives healthcare providers a tool to help educate patients.

### Product sustainability

We take responsibility for maintaining the highest levels of safety in regards to our products, while also improving their environmental and social footprints. Diving deep into our supply chain helps us ensure that our products are more sustainable from production to plate.

We work to ensure products are safe, produced in clean, efficient facilities with good working conditions, made from responsibly sourced ingredients and components, and clearly and accurately labeled.

### Product safety

Performance indicator description	2019	2018	2020 target
% 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	<b>94%</b>	93%	100%
% of production sites for own-brand food products that are certified according to a GFSI-recognized standard	<b>90%</b>	89%	93%
% of production sites for own-brand food products that comply with an acceptable level of assurance standard (other than GFSI)	<b>4%</b>	4%	7%
% of production sites of high-risk non-food own-brand products audited by an independent third party against acceptable standards for the relevant product category	<b>71%</b>	64%	–

We increased the percentage of audits performed at own-brand production sites for both food safety and social compliance.

The percentage of own-brand production locations that are GFSI-certified or comply with an acceptable level of assurance increased slightly to 94.4%. The remaining group that is needed to get to 100% certification is made up mainly of smaller local suppliers. The certification process has become more complex due to an increased consumption of locally produced products, which fragments the supply base.

The percentage of production sites of high-risk, non-food, own-brand products that were audited for safety increased by seven percentage points to 71%. We expect to increase this further in 2020.

# Group non-financial review

## Product continued

### Social compliance

Performance indicator description	2019	2018	2020 target
% 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	<b>71%</b>	66%	80%

The percentage of own-brand production sites in high-risk countries that were audited by a third party against social compliance increased by five percentage points to 71%. We expect this percentage to continue to increase in the coming year. Most of the remaining portion of unaudited suppliers consists of local suppliers covered by audits that address deal breakers like child labor, forced labor and life-threatening situations, but are not fully compliant with the acceptable standards.

### Organics

Performance indicator description	2019	2018
% total food sales from certified organic products	<b>3%</b>	3%
Total sales from free-from or organic own-brand lines (€ millions)	<b>1,727</b>	1,554

Our brands continue to add organic products to their assortment. For example, during 2019, Albert boosted its organic assortment by adding more products in cooperation with local farmers and suppliers. As a result, more than 100 hectares of conventional agricultural fields were converted to organic.

Even with additions to the organic product assortment, however, the percentage of total food sales from certified organic products in 2019 did not increase from 2018. Our total sales from free-from or organic own-brand lines increased by 11.1% to a total of €1,727 million.

### Commodities

Ahold Delhaize drives sustainable sourcing practices through targets on seven critical commodities (tea, coffee, cocoa, palm oil, seafood, soy and wood fiber). To reach these targets we partner with farmers, suppliers and industry groups to achieve more sustainable production.

We made progress in all areas. We were able to use more certified ingredients for our own-brand products, but we also removed products for which we could not find a sustainable option.

The largest improvements were in sustainable cocoa – we reached 84% certified cocoa as an ingredient in our own-brand products – and own-brand wood fiber products.

During 2019, Alfa Beta started selling the Delicata line of chocolates from Albert Heijn in its stores, which significantly increased the total number of certified cocoa products. In the U.S., the decision was made to remove several cocoa products that were not certified from the local brands' assortments.

The percentage of own-brand certified wood-fiber products increased to 84% from 52% in 2018. The increase was mainly driven by activities in the U.S. and Greece. Greece can now report more accurate data sets and both the U.S. and Greece worked closely with their suppliers to increase the number of certified products.

Performance indicator description	2019	2018	2020 target
% of own-brand products containing tea certified against an acceptable standard	<b>97%</b>	84%	100%
% of own-brand coffee products certified against an acceptable standard	<b>96%</b>	87%	100%
% of own-brand products containing cocoa certified against an acceptable standard	<b>84%</b>	49%	100%
% of own-brand products containing over 25% cocoa certified against an acceptable standard	<b>82%</b>	69%	100%
% of own-brand products containing under 25% cocoa certified against an acceptable standard	<b>69%</b>	34%	75%
% of palm oil volume in own-brand products certified to an acceptable standard or to RSPO Book & Claim	<b>100%</b>	100%	100%
% of palm oil volume in own-brand products certified against an acceptable standard (Mass Balance or Segregated supply chain option)	<b>87%</b>	86%	75%
% of palm oil volume in own-brand products offset by purchase of RSPO Book & Claim	<b>13%</b>	14%	25%
% of own-brand wood fiber products certified sustainable against an acceptable standard, low risk, or recycled	<b>84%</b>	52%	100%
% of own-brand paper and wood packaging (as defined, and per SKU) certified sustainable against an acceptable standard, low risk, or recycled <sup>1</sup>	<b>46%</b>	37%	–
% of high priority (South American) direct and embedded soy volumes in the supply chain of own-brand products certified against an acceptable standard <sup>2</sup>	<b>95%</b>	91%	100%
% of own-brand seafood product sales certified against an acceptable standard, from sustainable sources assessed by a credible third party, or from credible FIPs / AIPs	<b>98%</b>	94%	100%
% of own-brand seafood product sales with an identified farm / fishery of origin	<b>100%</b>	100%	100%

1 2018 data excludes Albert Heijn.

2 Soy credits are purchased through the Roundtable on Responsible Soy.

# Group non-financial review

## People

A safe work environment is fundamental, but the workplace should also offer opportunities for development and for a healthy life, as well as a true spirit of inclusiveness and diversity.

We strive to create workplaces that reflect the diversity of our communities, and contribute to the health and well-being of all associates. Everywhere we operate, we want to provide an environment where each person feels valued and inspired to develop to their full potential. It is an ambition that matches our values and helps our brands to remain innovative and competitive.

### Associate engagement

Our programs and targets are supportive of the Sustainable Development Goals



Performance indicator description	2019 <sup>1</sup>	2018 <sup>1</sup>	Change	2020 target
Associate engagement score (%)	<b>80%</b>	79%	1% pt	–
Healthy workplace score	<b>76%</b>	74%	2% pt	75%
Inclusive workplace score	<b>78%</b>	78%	– %	79%
Associate development score	<b>72%</b>	72%	– %	73%

<sup>1</sup> 2019 and 2018 figures include Peapod, Gall & Gall and Etos.

Associates from across all our businesses participated in Ahold Delhaize's annual associate engagement survey this year, with good results. We showed an overall engagement score of 80% – a one-percentage-point increase over last year. We also scored a 76% rating for being a healthy workplace, an increase of two points over 2018.

Striving to create an environment that supports the overall well-being of our associates was a focus area for us in 2019 after feedback from last year's survey. To this end, we expanded our healthy living programs for associates, which aim to make healthier choices easy. Free fruit in a number of offices, additional educational programs on nutrition and weight loss and smoke-free campuses were some of the initiatives we rolled out further during 2019.

The other two key index scores on the survey were 78% for being an inclusive workplace and 72% for development. These were consistent with last year's results. Associates also said they have clear objectives and feel they work in a safe environment. For more information see *Our growth drivers: Best talent*.

The survey had a high participation rate, with 80% of associates taking the time to express their views and ensure their voices were heard.

### Safety at work

Performance indicator description	2019 <sup>1,3</sup>	2018 <sup>1,2</sup>
Rate of lost days due to accidents	<b>2.1</b>	2.4
Occupational illness frequency rate <sup>4</sup>	<b>0.17</b>	0.11

<sup>1</sup> Safety at work data excludes offices.

<sup>2</sup> 2018 data includes bol.com, Etos and Gall & Gall.

<sup>3</sup> 2019 data includes bol.com, Etos, Gall & Gall and Peapod.

<sup>4</sup> 2018 data excludes Delhaize Belgium, Alfa Beta, Delhaize Serbia, Mega Image and Albert. 2018 data includes Etos and Gall & Gall. 2019 data excludes Alfa Beta, Delhaize Belgium. 2019 data includes Etos and Gall & Gall.

The rate of lost days due to accidents fell by 0.3 points to 2.1. The brands have increased the awareness and prioritization of safety in company communication, at management meetings and through events such as World Day for Safety that support the commitment to be a safe place to work and shop.

Occupational illness frequency rate increased by 0.06 percentage points to 0.17 illnesses per one million hours worked.

The increase in the occupational illness rate is primarily due to an increased understanding of the Occupational Illness definition across all the brands, which has led to more accurate reporting.

In 2019, our Mega Image brand experienced a tragic road accident involving a bus transporting 15 store associates to work in Bucharest, Romania. Eight associates died and seven others were seriously injured in the collision.

# Group non-financial review

## People *continued*

### Diversity

Performance indicator description	2019 <sup>1</sup>	2018 <sup>1</sup>
Number of associates (thousands)	<b>380</b>	372
% of female associates	<b>54%</b>	53%
% of female Executive Committee members	<b>13%</b>	14%
% of female Supervisory Board members	<b>33%</b>	22%
% of male associates	<b>46%</b>	47%
% of full-time associates	<b>33%</b>	33%
% of female full-time associates	<b>47%</b>	47%
% of male full-time associates	<b>53%</b>	53%
% of part-time associates	<b>67%</b>	67%
% of female part-time associates	<b>57%</b>	56%
% of male part-time associates	<b>43%</b>	44%
% Greatest Generation (1900-1945)	<b>1%</b>	1%
% Baby Boomers (1946-1964)	<b>15%</b>	16%
% Generation X (1965-1979)	<b>22%</b>	22%
% Generation Y (millennials) (1980-1995)	<b>26%</b>	27%
% Generation Z (1996+)	<b>36%</b>	34%
% associates covered by collective bargaining	<b>55%</b>	56%

<sup>1</sup> 2019 and 2018 data includes Peapod, Gall & Gall, Etos and bol.com.

Our diversity results in 2019 were stable compared to 2018 except for the percentage of female Supervisory Board members. In 2019, Katie Doyle and Peter Agnefjäll joined the Supervisory Board while Rob van den Bergh and Mark McGrath stepped down.

In October 2019, we announced the appointment of Natalie Knight as Executive Vice President Finance for Ahold Delhaize and member of the Executive Committee, effective March 1, 2020.

For more information on our commitment to diversity and inclusion please see *Our growth drivers: Best talent*.

### Local community connection

Performance indicator description	2019	2018 <sup>1</sup>
Total monetary value of our Company's corporate citizenship / philanthropic contributions (€ millions)	<b>196.4</b>	182.6
Cash contributions (€ millions)	<b>17.5</b>	14.1
In kind and volunteer hours cash-equivalent contributions (€ millions)	<b>178.9</b>	168.5
% total Ahold Delhaize contributions as charitable donations	<b>91%</b>	91%
% total Ahold Delhaize contributions as community investments	<b>3%</b>	3%
% total Ahold Delhaize contributions as commercial initiatives	<b>6%</b>	6%
Total monetary value of donations by customers, suppliers and associates to charities, facilitated by Ahold Delhaize brands (€ millions)	<b>20</b>	8
% of cash and cash-equivalent donations to charities by the Company on pre-tax profit	<b>9%</b>	8%
Tonnes of food donated	<b>56,681</b>	55,509

<sup>1</sup> 2018 figures are restated, due to more accurate and complete reporting.

Our contributions and charitable donations are mainly driven by the U.S. brands. In 2019, the total monetary value of Ahold Delhaize's contributions was €196.4 million, compared to €182.6 million in 2018. This increase is mainly due to an increase of in-kind donations. We contributed €17.5 million in direct cash contributions to community projects and the equivalent of €178.9 million through in-kind donations and volunteer hours.

During 2019, several of the U.S. brands launched the Bags 4 My Cause program. Each time customers purchase a Bags 4 My Cause reusable shopping bag with a giving tag, they'll have the power to direct a \$1 donation to a local organization of their choice. If the customer does not direct the donation within seven days, it will automatically be donated to a local nonprofit chosen by the store where it was sold.

Each of our brands has a community engagement program in place to support local needs all year round. In 2019, we donated 56,681 tonnes of food to food banks and €17.5 million to community projects. For example, customers at Giant/Martin's donated a record-breaking \$794 thousand to support local hunger-relief efforts during the biannual Bag Hunger campaign.

Another big driver of our food bank donations is the Food Lion Feeds program. Over the past five years, Food Lion worked with its national hunger relief partner, Feeding America, and the 30 Feeding America-affiliated food banks across the brand's service territory to identify opportunities to help and feed their neighbors. After committing to donate 500 million meals by the end of 2020, Food Lion reached its goal more than 18 months early. In 2019, they set a new goal to donate one billion meals by the end of 2025.

# Group non-financial review

## Planet

### Climate impact

Climate change is a significant global issue impacting our society, our quality of life and our business. The increasing instability of temperature and rainfall is already impacting the ability to farm, fish and raise livestock, while the frequency and intensity of storms is impacting our facilities and transportation.

Climate change is also of concern to an increasing number of our customers, associates, suppliers and partners.

Ahold Delhaize is taking action to reduce emissions from the operations of its brands and businesses as well as in producing own-brand products. We are lowering direct emissions by investing in more efficient energy, refrigeration and transportation systems. We are reducing food waste – one of the major global drivers of climate emissions – from our stores and distribution centers and we are helping our customers to reduce their food waste.

### Our programs and targets are supportive of the Sustainable Development Goals



In addition, we are exploring the climate impact of the consumption of meat and other products, and how we can provide support to address these concerns, such as by offering alternative protein products.

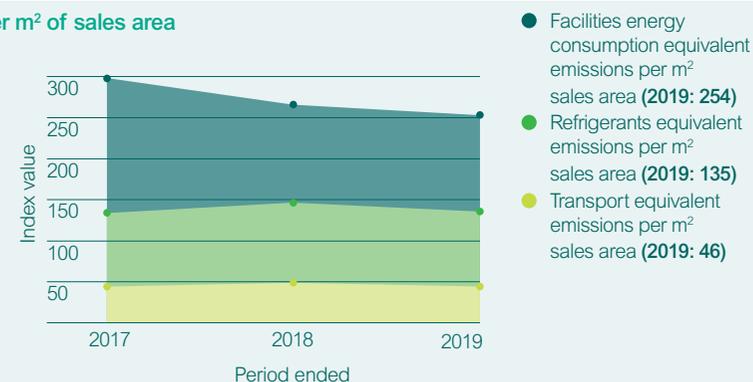
### Carbon emissions

CO<sub>2</sub>-equivalent emissions per sales area were 435 kg/m<sup>2</sup>, a 4.6% decrease from 2018 and a 32% reduction from Ahold Delhaize's 2008 baseline.

CO<sub>2</sub>-equivalent emissions are mainly driven by energy consumption, refrigerant leakage and transport. In all areas, we reduced our absolute consumption as well as the consumption per square meter of sales area.

An example of an action by the brands on climate is Albert Heijn's remodeling of stores to maximize energy efficiency, eliminate natural gas and only use natural refrigerants. In 2019, Albert Heijn remodelled 123 stores, achieving a further reduction in carbon emissions.

### Carbon emissions per m<sup>2</sup> of sales area



### CO<sub>2</sub> emissions



● Energy consumption	<b>2,372</b>
● Refrigerants	<b>1,257</b>
● Transport	<b>427</b>

# Group non-financial review

## Planet continued

Performance indicator description	2019 <sup>1</sup>	2018 <sup>1</sup>	2020 target
% change in CO <sub>2</sub> equivalent emissions per m <sup>2</sup> of sales area (from 2008 baseline)	<b>(32)%</b>	(28)%	(30)%
Total CO <sub>2</sub> -equivalent emissions per m <sup>2</sup> sales area – location-based approach (kg CO <sub>2</sub> -eq/m <sup>2</sup> )	<b>435</b>	456	445
Total CO <sub>2</sub> -equivalent emissions (thousand tonnes) – location-based approach	<b>4,056</b>	4,215	–
Scope 1 (thousand tonnes)	<b>1,699</b>	1,816	–
Scope 2 (thousand tonnes)	<b>1,926</b>	1,950	–
Scope 3 (thousand tonnes)	<b>431</b>	449	–
Total CO <sub>2</sub> -equivalent emissions per m <sup>2</sup> sales area – market-based approach (kg CO <sub>2</sub> -eq/m <sup>2</sup> )	<b>418</b>	430	–
Total CO <sub>2</sub> -equivalent emissions (thousand tonnes) – market-based approach	<b>3,902</b>	3,973	–
Scope 2 (thousand tonnes)	<b>1,772</b>	1,707	–

1 2018 and 2019 figures include Etos and Gall & Gall.

Performance indicator description	2019 <sup>1</sup>	2018 <sup>1</sup>	2020 target
Facilities energy consumption (million kWh)	<b>6,649</b>	6,833	–
Facilities energy consumption per m <sup>2</sup> sales area (kWh/m <sup>2</sup> )	<b>797</b>	826	–
Total renewable electricity produced on site (million kWh)	<b>51</b>	20	–
% renewable electricity on total electricity consumed	<b>9%</b>	13%	–
Avoided grid electricity CO <sub>2</sub> emissions (thousand tonnes)	<b>173</b>	248	–
% ozone-friendly refrigerants <sup>1</sup>	<b>78%</b>	77%	85%
Average refrigerant Global Warming Potential (GWP)	<b>2,242</b>	2,320	2,230
Refrigerant leakage rate	<b>13%</b>	14%	–
Fuel consumption by trucks (million liters)	<b>149</b>	155	–
Total water consumption (thousand m <sup>3</sup> ) <sup>2</sup>	<b>6,824</b>	8,016	–
Total water consumption (m <sup>3</sup> ) per m <sup>2</sup> of sales area <sup>2</sup>	<b>0.87</b>	1.03	–

1 2018 and 2019 figures include Etos and Gall & Gall.

2 2018 and 2019 figures exclude Albert Heijn.

When building or remodeling our stores and offices, we include renewable energy where possible. For example, the completely renovated AD Delhaize store in Lochristi, Belgium, has 1,180 rooftop solar panels to ensure electricity consumption is 100% sustainable. The Giant/Martin's support office in Carlisle, Pennsylvania, installed more than 1,800 solar panels – the first phase of covering 100% of the office's energy consumption.

From 2018 to 2019, we significantly increased the renewable energy produced on site.

Fuel consumption from truck transportation decreased to a total of 149 million liters in 2019. Our brands continue to look at ways to supply their stores with products efficiently and improve the climate impact of their trucks. Albert Heijn and four transportation partners are testing the use of electric trucks for supermarket deliveries in cities, starting with Amsterdam. The test involves fully electric tractor-trailers as well as plug-in hybrids – a first in Europe – with the goal of determining the functional and operational requirements to make emissions-free deliveries in the near future.

We further decreased the average Global Warming Potential (GWP) of our refrigerants to 2,242, nearly achieving our 2020 target. Leakage rate decreased by one percentage point to 13%.

Delhaize Serbia replaced HFC refrigeration systems with their CO<sub>2</sub> counterparts in six retail stores in 2019. It is expected that the use of CO<sub>2</sub> as a refrigerant will boost the refrigeration systems' energy efficiency by 35%. In addition, Delhaize Serbia focused on preventive maintenance of refrigeration system installations, resulting in a reduction of refrigerant leakage.

### Food waste

In 2019, Ahold Delhaize brands reduced food waste per sales by 9% compared to our 2016 baseline, making limited progress toward our 2020 target of 20% reduction. As we continue to drive healthier eating, increase our fresh assortment and promote sales of fresh and convenient products, we run the risk of simultaneously increasing shrink. Therefore, our 2020 targets remain ambitious and will be difficult to reach.

The strike at Stop & Shop during the busy Easter period, had an impact on both food waste as well as the percentage of unsold food donated to feed people.

We have identified several projects to further reduce food waste in the future.

During 2019, Retail Business Services, the services company of the Ahold Delhaize USA brands, launched a forecasting and replenishment project. This is a three-year initiative that will provide U.S. associates with the data they need to make smarter forecasting and ordering decisions to supply fresher products for customers no matter how they choose to shop. The project will significantly improve inventory and analysis technology by offering one simplified solution that will give each brand end-to-end visibility from supplier to shelf.

# Group non-financial review

## Planet continued

Albert Heijn took a new step to reduce food waste by testing “dynamic discounting” of chicken and fish products at a store in Zandvoort, the Netherlands. Using electronic shelf labels, the products were automatically reduced in price based on their sell-by date, with a higher discount for items that need to be sold soonest. As a result, food shrink levels stayed under Albert Heijn’s average in the Netherlands for the same products during the test period and improved in the final phase. Albert Heijn plans further pilot testing in 10 stores to better estimate the benefits and optimize processes and infrastructure in order to roll out the electronic shelf labels solution nationwide.

We are committed to continuing to improve our ability to redistribute unsold food and recycle waste. In 2019, we increased food waste recycling to 77% compared to 76% in 2018.

Food waste recycling is especially difficult in our Central and Southeastern European brands. The infrastructure in the countries where we operate does not always facilitate food waste recycling, which makes it difficult to further increase our performance in these countries.

Performance indicator description	2019	2018 <sup>2</sup>	2020 target <sup>1</sup>
Tonnes of food waste per food sales (t/€ million)	<b>5.0 (-9%)</b>	5.2 (-5%)	4.38 (-20%)
Tonnes of food waste sent to disposal per food sales (t/€ million)	<b>1.1</b>	1.2	–
% of total food waste recycled	<b>77%</b>	76%	90%
% food waste recycled for animal feed	<b>26%</b>	24%	–
% food waste recycled for biogas generation	<b>34%</b>	33%	–
% food waste recycled for compost	<b>7%</b>	9%	–
% food waste recycled by rendering	<b>33%</b>	34%	–
% of unsold food donated to feed people	<b>18%</b>	18%	–

<sup>1</sup> 2020 target is to reduce food waste 20% from the 2016 baseline. 2016 baseline is restated due to a more accurate calculation, resulting in a 2020 target restatement from 4.25 to 4.38.

<sup>2</sup> 2018 figures are restated, due to more accurate and complete reporting.

### Waste

Performance indicator description	2019	2018	2020 target
Total waste generated (thousand tonnes)	<b>1,039</b>	1,024	–
% of waste sent to landfill	<b>14%</b>	15%	–
% of waste incinerated and transformed into energy	<b>9%</b>	9%	–
% of waste recycled	<b>77%</b>	76%	80%
Number of non-reusable carrier bags distributed (million bags) <sup>1</sup>	<b>3,257</b>	3,915	–

<sup>1</sup> 2018 and 2019 figures include Peapod.

In 2019, we generated 1,039 thousand tonnes of waste, of which 77% was recycled, 9% was incinerated and transformed into energy and 14% was sent to landfill facilities.

We reduced the number of non-reusable bags by more than 600 million to a total of 3,257 million bags. In Europe, Alfa Beta and Mega Image stopped using non-reusable carrier bags.

### ESG ratings

	2019	2018	change
DJSI score	<b>69</b>	72	(3)
MSCI ESG rating	<b>A</b>	A	–

The 2019 Dow Jones Sustainability World Index (DJSI World) ranked Ahold Delhaize among the industry leaders in the Food and Staples Retailing sector for the fourth consecutive year. Ahold Delhaize received a total score of 69 in this year’s global sustainability benchmark, a decline of three points compared to last year and scored seven points below the average score of the sector leaders. While we maintained many areas of strength, the higher scoring sector leaders are advancing quickly, so the gap between our performance and theirs widened from 2018 to 2019. Our score and percentile ranking fluctuate each year, partially from our own performance and partially based on how quickly the rest of our industry advances.

In 2019, Ahold Delhaize continued to show a constant solid A performance from the MSCI ESG rating. With this performance, according to MSCI, we fall into the highest scoring range for all the companies assessed, relative to global peers, indicating that the Company’s corporate governance practices are generally well-aligned with shareholder interests.

# Financial review by segment

## Key financial and non-financial information

The key financial and non-financial information per segment for 2019 and 2018 is presented below:

	The United States		The Netherlands		Belgium		Central and Southeastern Europe	
	2019	2018 restated	2019	2018 restated	2019	2018 restated	2019	2018 restated
Net sales (€ millions)	<b>40,066</b>	37,460	<b>14,810</b>	14,218	<b>5,096</b>	5,095	<b>6,288</b>	6,018
Net sales (\$ millions)	<b>44,841</b>	44,174						
Of which: online sales (€ millions) <sup>1</sup>	<b>985</b>	751	<b>2,432</b>	1,999	<b>57</b>	51	<b>19</b>	16
Of which: online sales (\$ millions)	<b>1,101</b>	886						
Net sales growth in local currency	<b>1.5%</b>	1.9%	<b>4.2%</b>	3.7%	<b>0.0%</b>	2.9%	<b>4.9%</b>	3.1%
Comparable sales growth	<b>1.1%</b>	2.3%	<b>3.5%</b>	3.8%	<b>(0.1)%</b>	2.2%	<b>3.0%</b>	0.9%
Comparable sales growth (excluding gasoline sales)	<b>1.4%</b>	2.1%	<b>3.5%</b>	3.8%	<b>(0.1)%</b>	2.2%	<b>3.1%</b>	0.9%
Operating income (€ millions)	<b>1,668</b>	1,633	<b>765</b>	731	<b>128</b>	130	<b>246</b>	262
Operating income (\$ millions)	<b>1,867</b>	1,924						
Underlying operating income (€ millions)	<b>1,712</b>	1,699	<b>776</b>	748	<b>149</b>	142	<b>280</b>	274
Underlying operating income (\$ millions)	<b>1,916</b>	2,002						
Underlying operating margin	<b>4.3%</b>	4.5%	<b>5.2%</b>	5.3%	<b>2.9%</b>	2.8%	<b>4.5%</b>	4.6%
Number of employees / headcount (at year-end in thousands)	<b>215</b>	207	<b>100</b>	102	<b>14</b>	13	<b>51</b>	50
Number of employees / FTEs (at year-end in thousands)	<b>143</b>	136	<b>31</b>	32	<b>12</b>	11	<b>45</b>	45
Contribution to Ahold Delhaize net sales	<b>60.5%</b>	59.7%	<b>22.4%</b>	22.6%	<b>7.7%</b>	8.1%	<b>9.5%</b>	9.6%
Contribution to Ahold Delhaize underlying operating income <sup>2</sup>	<b>58.7%</b>	59.3%	<b>26.6%</b>	26.1%	<b>5.1%</b>	5.0%	<b>9.6%</b>	9.6%

1 Net consumer online sales for the Netherlands in 2019 amounted to €3,486 million and to €2,677 million in 2018.

2 Before Global Support Office costs.

# Financial review by segment

## The United States

### Net sales

€40.1bn ▲ +7.0%<sup>1</sup>

2018: €37.5bn

### Comparable sales growth (excluding gasoline sales)

1.4%

### Underlying operating income

€1,712m ▲ +0.7%<sup>2</sup>

2018: €1,699m

### Underlying operating margin

4.3%

### Online sales

€985m ▲ +31.2%<sup>3</sup>

2018: €751m



**STOP & SHOP.**

**FOOD LION**

**GIANT MARTIN'S**



**Giant**

**Peapod**

€ million	2019	2018 restated	Change versus prior year	% change	% change at constant rates
<b>Net sales</b>	<b>40,066</b>	37,460	<b>2,606</b>	7.0%	<b>1.5%</b>
Of which online sales	<b>985</b>	751	<b>234</b>	31.2%	<b>24.3%</b>
Comparable sales growth	<b>1.1%</b>	2.3%			
Comparable sales growth excluding gasoline	<b>1.4%</b>	2.1%			
<b>Operating income</b>	<b>1,668</b>	1,633	<b>35</b>	2.1%	<b>(3.0)%</b>
Adjusted for:					
Impairment losses and reversals – net	<b>67</b>	26	<b>41</b>		
(Gains) losses on leases and the sale of assets – net	<b>(39)</b>	(17)	<b>(22)</b>		
Restructuring and related charges and other items	<b>16</b>	57	<b>(41)</b>		
<b>Underlying operating income</b>	<b>1,712</b>	1,699	<b>13</b>	0.7%	<b>(4.3)%</b>
Underlying operating income margin	<b>4.3%</b>	4.5%			

In 2019, net sales were €40,066 million, up by €2,606 million or 7.0% compared to 2018. At constant exchange rates, net sales were up by 1.5%. Sales growth was negatively impacted by the 11-day strike at Stop & Shop. The direct impact of the strike on net sales is estimated at \$224 million, and, in addition, the subsequent sales loss during the recovery period following the strike is estimated to be \$121 million.

Online sales were €985 million, up by 24.3% compared to last year at constant rates. The increase was driven by more click-and-collect points across all the brands, third-party delivery and same-day delivery.

Comparable sales excluding gasoline for the segment increased by 1.4%, with negative volume. Strong positive comparable sales growth across most of the U.S. brands was only partly offset by negative comparable growth at Stop & Shop and Peapod.

Operating income of €1,668 million increased by €35 million, or 2.1%, compared to 2018. Underlying operating income was €1,712 million and is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: In 2019, impairment charges amounted to €67 million, while in 2018, they amounted to €26 million. In 2019, the impairments related primarily to Stop & Shop's underperforming stores and investment locations. The impairments in 2018 related primarily to underperforming stores and investment properties across all the brands.

1 +1.5% at constant rates.

2 -4.3% at constant rates.

3 +24.3% at constant rates.

# Financial review by segment

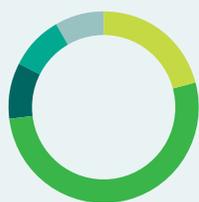
## The United States *continued*

- (Gains) losses on leases and the sale of assets – net: In 2019, Stop & Shop sold a non-strategic investment property, Giant/Martin's sold stores and pharmacy scripts and Giant Food sold two properties. In 2018, no individually significant gains or losses were recorded.
- Restructuring and related charges and other items: The 2019 charges decreased by €41 million compared to 2018. In 2019, these charges mainly related to integration costs as a result of the merger, partially offset by insurance reimbursement for Hurricane Florence. In 2018, these charges mainly related to integration costs, the set-up of the U.S. brand-centric organization and other items, including Hurricane Florence.

In 2019, underlying operating income was €1,712 million, up by €13 million or 0.7% compared to last year. At constant rates, underlying operating income decreased by (4.3)%.

The United States' underlying operating income margin in 2019 was 4.3%, down 0.2 percentage points compared to 2018. The 2019 result was negatively impacted by the strike at Stop & Shop, impacting underlying operating income by approximately \$100 million. In addition, the results were impacted by higher shrink and supply chain costs, partly offset by increased vendor allowances. Underlying expenses increased compared to last year, mainly driven by salary increases, cost inflation, exceeding sales growth (negatively impacted by the strike) and click-and-collect expansion, partly offset by our Save for Our Customers program.

### Number of stores



● Stop & Shop	<b>413</b>
● Food Lion	<b>1,029</b>
● Giant/Martin's	<b>186</b>
● Hannaford	<b>182</b>
● Giant Food	<b>163</b>

### Growth drivers in action



#### Omnichannel growth

The U.S. brands exceeded their goal of having 600 click-and-collect points operational in 2019 – with 692 by the end of the year – supporting the 24.3% online growth in the United States.



#### Technology

Peapod Digital Labs built and launched PRISM, a digital eCommerce ecosystem that enables the brands to offer customers a robust omnichannel experience with hyper personalization, alternative payment types, an enhanced B2B offering and a reward program. Giant/Martin's, Giant Food and Stop & Shop will launch PRISM in 2020 and Hannaford and Food Lion will follow in 2021.



#### Portfolio and scale efficiencies

Ahold Delhaize USA is investing \$480 million to transform and expand its supply chain operations, in support of a new three-year strategy to move to a fully integrated, self-distribution model. This will enable the U.S. businesses to reduce costs, improve speed to shelf, enhance relationships with vendors, and improve product availability and freshness.



For more information on how we are driving growth, see our reporting hub [www.aholddelhaize.com](http://www.aholddelhaize.com)

# Financial review by segment

## The Netherlands

### Net sales

€14.8bn ▲ +4.2%

2018: €14.2bn

### Comparable sales growth

3.5%

### Underlying operating income

€776m ▲ +3.8%

2018: €748m

### Underlying operating margin

5.2%

### Net consumer online sales

€3.5bn ▲ +30.2%

2018: €2.7bn



**bol.com**<sup>®</sup>

**Etos**

**GallaGall**  
SINCE 1894

€ million	2019	2018 restated	Change versus prior year	% change
<b>Net sales</b>	<b>14,810</b>	14,218	<b>592</b>	4.2%
Of which online sales	<b>2,432</b>	1,999	<b>433</b>	21.6%
Net consumer online sales	<b>3,486</b>	2,677	<b>809</b>	30.2%
Comparable sales growth	<b>3.5%</b>	3.8%		
<b>Operating income</b>	<b>765</b>	731	<b>34</b>	4.7%
Adjusted for:				
Impairment losses and reversals – net	<b>2</b>	13	<b>(11)</b>	
(Gains) losses on leases and the sale of assets – net	<b>(13)</b>	(1)	<b>(12)</b>	
Restructuring and related charges and other items	<b>22</b>	5	<b>17</b>	
<b>Underlying operating income</b>	<b>776</b>	748	<b>28</b>	3.8%
Underlying operating income margin	<b>5.2%</b>	5.3%		

Net sales in 2019 were €14,810 million, up by €592 million or 4.2% compared to 2018.

This increase was due to a 3.5% growth in comparable sales, driven by strong sales growth of 21.6% at our online brands, bol.com and ah.nl.

For the full year, market share at Albert Heijn in 2019 was 34.9%, flat compared to 2018 (Source: Nielsen).

Bol.com continued its strong net consumer online sales growth from 32.0% in 2018 to 33.2% in 2019. The brand's business in Belgium and its third-party platform – which currently offers a marketplace to more than 20,000 merchant partners in the Netherlands and Belgium – remain important growth drivers.

Operating income increased by €34 million, or 4.7%, to €765 million, affected by the following items that Ahold Delhaize adjusts for to arrive at underlying operating income:

- Impairment losses and reversals – net: There were no individually significant impairment charges recorded in 2019. In 2018, impairment charges were mainly related to underperforming stores.

# Financial review by segment

## The Netherlands *continued*

- (Gains) losses on leases and the sale of assets – net: Results were mainly related to a €10 million gain on leases and subleases at Albert Heijn in 2019. In 2018, The Netherlands sold assets with an aggregate gain of €1 million.
- Restructuring and related charges and other items: In 2019, the charges were mainly related to restructuring costs of €19 million at Albert Heijn, while in 2018, they related mainly to IT integration costs.

In 2019, underlying operating income in The Netherlands was €776 million, up by €28 million or 3.8% compared to 2018. Underlying operating margin in The Netherlands was 5.2% in 2019, down 0.1% compared to 2018. Margins were impacted by higher underlying operating expenses, which were partly offset by better growth margins.

Excluding bol.com, the underlying operating income margin was 5.8% in 2019. This was flat compared to 2018 as a result of saving programs, including synergy savings and Save for Our Customers initiatives, offset mainly by the growth of ah.nl.

Our net sales in The Netherlands 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.

### Number of stores



### Growth drivers in action



#### Omnichannel growth

To keep up with strong growth at ah.nl, Albert Heijn opened its fifth fulfillment center this year and is expanding the number of distribution hubs with smaller trucks to make city deliveries.

In 2019, bol.com celebrated its 20th anniversary. Over the past two decades, bol.com has developed from an online book store to an online retailer selling over 22 million products. In recent years, its growth has been strongly influenced by the more than 20,000 third-party resellers using bol.com as an online sales platform.



#### Technology

Albert Heijn piloted its first frictionless digital store, providing customers with a grab-and-go experience that does not require scanning or checking out items. It uses cutting-edge computer vision and sensing technologies to enable automated checkout.



#### Healthy and sustainable

Albert Heijn continues to rapidly convert stores to its new fresh- and technology-focused concept, with 123 stores converted in 2019 – exceeding its goal of 120 – and more scheduled for 2020.

Etos took over the largest online health platform in the Netherlands. By acquiring the Solvo Group, Etos can capitalize on an integrated drugstore model combining physical stores with the ability to provide around-the-clock health information.



For more information on how we are driving growth, see our reporting hub [www.aholddelhaize.com](http://www.aholddelhaize.com)

# Financial review by segment

## Belgium

### Net sales

€5.1bn 0.0%  
2018: €5.1bn

### Comparable sales growth

-0.1%

### Underlying operating income

€149m +4.4%  
2018: €142m

### Underlying operating margin

2.9%

### Online sales

€57m +14.4%  
2018: €51m



€ million	2019	2018 restated	Change versus prior year	% change
<b>Net sales</b>	<b>5,096</b>	5,095	<b>1</b>	0.0%
Of which online sales	<b>57</b>	51	<b>6</b>	14.4%
Comparable sales growth	<b>(0.1)%</b>	2.2%		
<b>Operating income</b>	<b>128</b>	130	<b>(2)</b>	(1.5)%
Adjusted for:				
Impairment losses and reversals – net	<b>2</b>	–	<b>2</b>	
(Gains) losses on leases and the sale of assets – net	<b>5</b>	(2)	<b>7</b>	
Restructuring and related charges and other items	<b>13</b>	14	<b>(1)</b>	
<b>Underlying operating income</b>	<b>149</b>	142	<b>7</b>	4.4%
Underlying operating income margin	<b>2.9%</b>	2.8%		

Net sales in 2019 were €5,096 million, up €1 million or flat compared to 2018, and comparable sales decreased by 0.1%. The affiliated network continued to show strong growth, driven by accelerated growth in the convenience store format.

Delhaize.be, our online business in Belgium, grew by 14.4% in 2019, as more customers utilized the convenience of home delivery. For the full year, market share for Delhaize in 2019 was 24.1%, slightly up compared to 2018 (Source: Nielsen).

Operating income decreased by €2 million or (1.5)% to €128 million. Underlying operating income is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: There were no individually significant impairment charges recorded in 2019 and 2018.

# Financial review by segment

## Belgium *continued*

- (Gains) losses on leases and the sale of assets – net: There were no individually significant gains or losses on leases and / or the sale of assets recorded in 2019 and 2018.
- Restructuring and related charges and other items: The charges in 2019 and 2018 mainly related to restructuring costs of €13 million in both years. In 2018, integration costs amounted to €2 million.

Underlying operating income in 2019 was €149 million, up by €7 million, or 4.4%, compared to last year. Underlying operating income margin in 2019 was 2.9%, up 0.1 percentage points compared to 2018. Underlying operating income benefited from good cost control of underlying expenses and shrink, partly offset by increased logistics costs.

Our net sales in Belgium consist of sales to consumers and to affiliate stores. Affiliates receive goods at a wholesale price that includes a mark-up on our purchase price. The Belgium segment also includes sales of 55 stores in Luxembourg.

### Number of stores



● Delhaize	<b>358</b>
● Proxy	<b>266</b>
● Shop & Go	<b>172</b>

### Growth drivers in action



#### Portfolio and scale efficiencies

Bol.com is now operating pick-up points in all Delhaize stores throughout Flanders and the two brands have held their first joint marketing promotion.



#### Healthy and sustainable

Delhaize helps customers eat better and make healthier choices with promotions like Nutri-Plus, a four-month program providing discounts on thousands of healthy products.



#### Technology

Delhaize is enhancing speed and convenience for shoppers with the launch of a mobile payment application at its Fresh Atelier store in Brussels.



For more information on how we are driving growth, see our reporting hub [www.aholddelhaize.com](http://www.aholddelhaize.com)

# Financial review by segment

## Central and Southeastern Europe

### Net sales

**€6.3bn** +4.5%<sup>1</sup>  
2018: €6.0bn

### Comparable sales growth (excluding gasoline sales)

**3.1%**

### Underlying operating income

**€280m** +2.2%<sup>2</sup>  
2018: €274m

### Underlying operating margin

**4.5%**

### Online sales

**€19m** +15.3%<sup>3</sup>  
2018: €16m



**albert**

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

**ENA FOOD**  
CASH & CARRY

**MEGA IMAGE**

**MAXI**

**Tempo**

€ million	2019	2018 restated	Change versus prior year	% change	% change at constant rates
<b>Net sales</b>	<b>6,288</b>	6,018	<b>270</b>	4.5%	<b>4.9%</b>
Of which online sales	<b>19</b>	16	<b>3</b>	15.3%	<b>15.9%</b>
Comparable sales growth	<b>3.0%</b>	0.9%			
Comparable sales growth excluding gasoline	<b>3.1%</b>	0.9%			
<b>Operating income</b>	<b>246</b>	262	<b>(16)</b>	(5.9)%	<b>(5.4)%</b>
Adjusted for:					
Impairment losses and reversals – net	<b>18</b>	14	<b>4</b>		
(Gains) losses on leases and the sale of assets – net	<b>(2)</b>	(3)	<b>1</b>		
Restructuring and related charges and other items	<b>18</b>	1	<b>17</b>		
<b>Underlying operating income</b>	<b>280</b>	274	<b>6</b>	2.2%	<b>2.6%</b>
Underlying operating income margin	<b>4.5%</b>	4.6%			

In 2019, net sales in Central and Southeastern Europe (CSE) were €6,288 million, up by €270 million or 4.5% compared to 2018. At constant exchange rates, net sales were up by 4.9%.

Sales growth was driven by comparable sales growth of 3.0% and by the net addition of 162 stores in 2019. Comparable sales growth was driven by our businesses in the Czech Republic, Romania and Serbia, while Greece's comparable sales growth remained negative as a consequence of the competitive market environment.

Operating income decreased by €16 million to €246 million, compared to €262 million in 2018. Underlying operating income is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: The 2019 impairment charges of €18 million in CSE were mostly related to underperforming stores in Greece. In 2018, an impairment of €14 million was recorded, which was also mainly related to Greece.

1 +4.9% at constant rates.

2 +2.6% at constant rates.

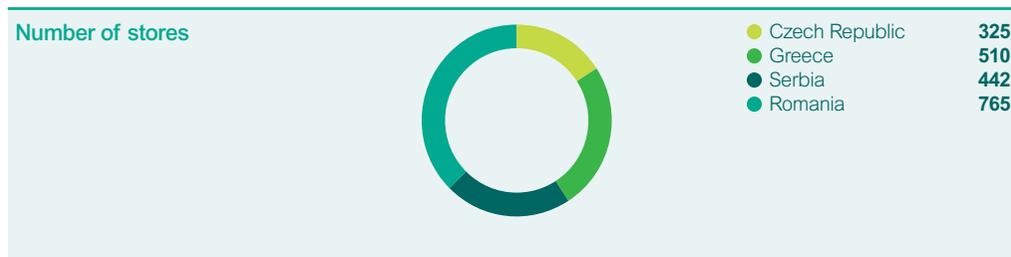
3 +15.9% at constant rates.

# Financial review by segment

## Central and Southeastern Europe *continued*

- (Gains) losses on leases and the sale of assets – net: No individually significant gains or losses were recorded in 2019 or 2018.
- Restructuring and related charges and other items: In 2019, a loss of €18 million was taken, mainly due to asset write-down in our business in the Czech Republic. No individually significant charges were recorded in 2018.

In 2019, underlying operating income in CSE was €280 million, up by €6 million or 2.2% from €274 million in 2018. Underlying operating income margin was 4.5%, which was 0.1 percentage points lower than in 2018.



### Growth drivers in action



#### Omnichannel growth

Maxi was named the favorite supermarket in Serbia for the third time in a row.

In the Czech Republic, Albert made good progress on its remodeling project to refresh all its large format hypermarkets and also deployed a second generation of urban stores with a new supermarket format.

In Romania, Mega Image opened 92 new stores and successfully launched various ready meal concepts.



#### Healthy and sustainable

In Greece, Alfa Beta introduced a smart farming project, highlighting the power of partnerships for sustainable development, and became the first Greek retailer to carry ASC-certified sea bass and sea bream.



#### Portfolio and scale efficiencies

Mega Image acquired supermarket chain Zanfir to strengthen its position in eastern Romania.



For more information on how we are driving growth, see our reporting hub [www.aholddelhaize.com](http://www.aholddelhaize.com)

# Financial review by segment

## Global Support Office

€ million	2019	2018 restated	Changes versus prior year	% change
Global Support Office costs	<b>(146)</b>	(133)	<b>(13)</b>	(9.0)%
of which restructuring and related charges and other items	<b>(6)</b>	(31)	<b>25</b>	80.9%
Underlying Global Support Office costs	<b>(140)</b>	(102)	<b>(38)</b>	(35.9)%
of which related to self-insurance activities	<b>4</b>	50	<b>(46)</b>	(92.8)%
Underlying Global Support Office costs excluding self-insurance	<b>(143)</b>	(153)	<b>10</b>	6.2%

Global Support Office costs in 2019 were €146 million, up €13 million compared to last year. Global Support Office costs were adjusted for restructuring and related charges and other items that amounted to €6 million in 2019, or €25 million lower than last year. This is mainly caused by fewer integration costs in 2019, as the merger was fully completed in Q2 2019.

Underlying Global Support Office costs were €140 million, €38 million higher than 2018. The €46 million decrease in self-insurance activities was caused by movements in the discount rates offset in part by a favorable impact from the change in the composition of expected losses increasing the overall duration of the loss reserves versus last year. Underlying Global Support Office costs excluding self-insurance were €143 million, or €10 million lower than last year.

### Growth drivers in action



#### Technology

In October, the AI for Retail (AIR) Lab in Delft, the Netherlands, held its official launch. The facility is an expansion of Ahold Delhaize's AIR Lab in Amsterdam, created in partnership with Delft University. The focus of the lab is to research the future of robotics and develop state-of-the-art innovations in the retail industry.



#### Portfolio and scale efficiencies

After successfully rolling out the Office 365 platform company-wide last year, in 2019, teams across Ahold Delhaize focused on using its tools to transform the way we work, improve productivity and collaborate better.



#### Best talent

Our senior leaders across the Company, at Vice President level and above, were invited to attend "The Digital Mindset," a course that builds awareness around data analytics, cybersecurity and digital innovation.



For more information on how we are driving growth, see our reporting hub [www.aholddelhaize.com](http://www.aholddelhaize.com)

# Outlook

We anticipate that underlying operating margin for the group in 2020 will be broadly in line with 2019, and note that the 53rd week does not significantly impact underlying operating margin.

While group margin should benefit from lapping the effect of the U.S. strike in 2019, this is offset by the margin dilution related to transition expenses from the U.S. supply chain initiative announced in December, as well as an increased non-cash service charge for the Netherlands employee pension plan, resulting from lower discount rates in the Netherlands. Excluding the impact of the U.S. supply chain transition expenses and non-cash service charge for the Netherlands employee pension plan, underlying operating margin would be up from the prior year.

Additionally, we expect underlying earnings per share growth for the year to be in the mid-single-digit range.

We expect group free cash flow of around €1.5 billion for the full year 2020, affected by the cash impact of €270 million in capital expenditure related to the U.S. supply chain transformation. We expect to spend €2.5 billion in capital expenditures in 2020, impacted by the aforementioned investment in the U.S. supply chain transformation. The free cash flow and capital expenditure guidance expressly excludes M&A activity. Also, as announced in December 2019, a new €1 billion share buyback program is in place for 2020.

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

## Share performance in 2019

On December 27, 2019, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €22.75, a 3.1% increase compared to €22.07 on December 28, 2018. During the same period, the Euro STOXX 50 index increased by 26.6% and the AEX index increased by 26.2%.

During 2019, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €22.05 and an average daily trading volume of 3.6 million shares. Ahold Delhaize's market capitalization was €24.8 billion at year-end 2019. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €24.41 on November 11, 2019, and the lowest was €19.50 on June 27, 2019.

On December 27, 2019, the closing price of Ahold Delhaize's ADR was \$25.40, 0.7% higher than the closing price on December 28, 2018 (\$25.23). In the same period, the Dow Jones index increased by 24.2% and the S&P 500 increased by 30.3%. In 2019, the average daily trading volume of Ahold Delhaize American Depositary Receipts (ADRs) was 103,697.

Ahold Delhaize share price €



## Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2019	2018
Closing common share price at calendar year-end (in €)	22.75	22.07
Average closing common share price (in €)	22.05	20.04
Highest closing common share price (in €)	24.41	23.13
Lowest closing common share price (in €)	19.50	17.26
Average daily trading volume	3,591,720	5,663,575
Market capitalization (€ million)	24,751	24,938

Source: FactSet

## Share capital

During 2019, Ahold Delhaize's issued and outstanding share capital decreased by approximately 42 million common shares to 1,088 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 13, 2018, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 83 million to 1,101 million at the end of 2019. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of December 29, 2019, there were 13 million shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of December 29, 2019, was comprised of 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 *Notes 21* and *23* to the consolidated financial statements.

# Information about Ahold Delhaize shares

## Distribution of shares

### Shareholders by region<sup>1</sup>:

February 2020	2020	2019
U.K. / Ireland	<b>12.8</b>	16.1
North America	<b>29.2</b>	26.9
Rest of Europe	<b>9.1</b>	9.2
France	<b>8.5</b>	8.6
The Netherlands <sup>2</sup>	<b>5.4</b>	4.4
Rest of the world	<b>4.9</b>	4.5
Germany	<b>3.7</b>	3.5
Undisclosed <sup>2</sup>	<b>26.4</b>	26.8

<sup>1</sup> Source: CMi2i.

<sup>2</sup> The Netherlands excludes the percentage of shareholdings of all retail holdings and treasury shares, which are included in Undisclosed.

## 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 24, 2020, that hold an interest of 3% or more in the share capital of the Company<sup>1</sup>.

- BlackRock, Inc – 5.35% shareholding (6.4% voting rights) disclosed on November 5, 2019.
- State Street Corporation – 3.49% shareholding (2.7% voting rights) disclosed on July 18, 2019.

<sup>1</sup> 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](http://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

For the 2018 financial year, a cash dividend of €0.70 per common share was approved by the annual General Meeting of Shareholders on April 10, 2019, and paid on April 25, 2019.

We propose a cash dividend of €0.76 for the financial year 2019, an increase of 8.6% compared to 2018, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 44%, based on the expected dividend payment on underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.46 per share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019.

Shareholders key performance indicators 2015-2019:

	2019	2018	2017	2016	2015 <sup>2</sup>
Dividend per common share <sup>1</sup>	<b>0.76</b>	0.70	0.63	0.57	0.52
Final dividend	<b>0.46</b>	0.70	0.63	0.57	0.52
Interim dividend	<b>0.30</b>	N/A	N/A	N/A	N/A
Dividend yield	<b>3.3%</b>	3.2%	3.4%	2.8%	2.7%
Payout ratio <sup>3</sup>	<b>44%</b>	42%	47%	48%	49%

<sup>1</sup> 2019 dividend subject to the approval of the annual General Meeting of Shareholders.

<sup>2</sup> 2015 numbers refer to Ahold only.

<sup>3</sup> Dividend payout ratio for 2015 is based on adjusted income from continuing operations. For 2017 and 2016, the payout ratio is based on underlying income from continuing operations (on a pro forma basis).

## Dividends on cumulative preferred financing shares

Ahold Delhaize paid a dividend on cumulative preferred financing shares in 2019. The cumulative preferred financing shares were cancelled on July 16, 2019.

## Share buyback

On November 13, 2018, Ahold Delhaize announced it will return €1 billion to shareholders by means of a share buyback program, which was completed on December 11, 2019. An additional €1 billion share buyback program was announced on December 4, 2019, which is expected to be completed before the end of 2020. 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.

# Five-year overview

## Results, cash flow and other information

€ million, except per share data, exchange rates and percentages

	2019	2018 restated <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1,2</sup>	2015 <sup>1</sup>
Net sales	<b>66,260</b>	62,791	62,890	49,695	38,203
Net sales growth at constant exchange rates <sup>3</sup>	<b>2.3%</b>	2.5%	28.9%	32.3%	2.3%
Operating income	<b>2,662</b>	2,623	2,225	1,584	1,318
Underlying operating income margin	<b>4.2%</b>	4.4%	3.9%	3.8%	3.8%
Net financial expense	<b>(528)</b>	(487)	(297)	(541)	(265)
Income from continuing operations	<b>1,767</b>	1,797	1,817	830	849
Income (loss) from discontinued operations	<b>(1)</b>	(17)	–	–	2
Net income	<b>1,766</b>	1,780	1,817	830	851
<b>Earnings and dividend per share</b>					
Net income per common share (basic)	<b>1.60</b>	1.51	1.45	0.81	1.04
Net income per common share (diluted)	<b>1.59</b>	1.49	1.43	0.81	1.02
Income from continuing operations per common share (basic)	<b>1.60</b>	1.53	1.45	0.81	1.04
Income from continuing operations per common share (diluted)	<b>1.59</b>	1.51	1.43	0.81	1.02
Dividend per common share	<b>0.76</b>	0.70	0.63	0.57	0.52
<b>Cash flows</b>					
Free cash flow	<b>1,843</b>	2,165	1,926	1,441	1,184
Net cash from operating, investing and financing activities	<b>535</b>	(1,587)	827	2,114	73
Capital expenditures (including acquisitions) <sup>4</sup>	<b>3,604</b>	2,838	1,822	16,775	1,172
Capital expenditures as % of net sales	<b>5.4%</b>	4.5%	2.9%	33.8%	3.1%
Regular capital expenditures	<b>3,512</b>	2,772	1,723	1,377	811
Regular capital expenditures as % of net sales	<b>5.3%</b>	4.4%	2.7%	2.8%	2.1%
Average exchange rate (€ per \$)	<b>0.8934</b>	0.8476	0.8868	0.9038	0.9001

<sup>1</sup> 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.

<sup>2</sup> Included former Delhaize business as of July 24, 2016.

<sup>3</sup> Net sales growth in 2016 and 2015 is adjusted for the impact of week 53 in 2015.

<sup>4</sup> The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.

# Five-year overview

## Balance sheet and other information

€ million, except for number of stores and otherwise indicated	December 29, 2019	December 30, 2018 restated <sup>1</sup>	December 31, 2017 <sup>1</sup>	January 1, 2017 <sup>1</sup>	January 3, 2016 <sup>1,3</sup>
Group equity <sup>2</sup>	<b>14,083</b>	14,205	15,170	16,276	5,621
Gross debt	<b>15,445</b>	14,485	7,250	7,561	3,502
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	<b>3,863</b>	3,507	4,747	4,317	2,354
Net debt	<b>11,581</b>	10,978	2,503	3,244	1,148
Total assets	<b>41,490</b>	39,830	33,871	36,275	15,880
Number of stores	<b>6,967</b>	6,769	6,637	6,556	3,253
Number of employees (in thousand FTEs)	<b>232</b>	225	224	225	129
Number of employees (in thousands headcount)	<b>380</b>	372	369	370	236
Common shares outstanding (in millions) <sup>2</sup>	<b>1,088</b>	1,130	1,228	1,272	818
Share price at Euronext (€)	<b>22.75</b>	22.07	18.34	20.03	19.48
Market capitalization <sup>2</sup>	<b>24,751</b>	24,938	22,508	25,484	15,944
Year-end exchange rate (€ per \$)	<b>0.8947</b>	0.8738	0.8330	0.9506	0.9208

1 Financial information prior to 2018 has not been restated for 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 2019, €1,002 million was returned to shareholders through a share buyback (2018: 1,997 million, 2017: €998 million, 2016: nil and 2015: €161 million). In 2016, €1,001 million were returned to shareholders through a capital repayment.

3 Excluded former Delhaize business, only incorporated as of July 24, 2016.

# Definitions: Performance measures

## 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, 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.

### Comparable sales

Comparable sales are net sales, in local currency, from exactly the same stores – including 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.

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).

## Free cash flow

Following the adoption of IFRS 16, 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.

Previously, Ahold Delhaize did not include the repayment of finance lease liabilities under IAS 17 in free cash flow. In addition, Ahold Delhaize did not previously have lease receivables and all rent income was included in operating cash flows from continuing operations. However, after the adoption of IFRS 16, some lessor contracts were classified as finance leases resulting in the recognition of lease receivables. Rent payments received on such lease receivables continue to be included in free cash flow.

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, Sustainable Retailing 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. 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. Online sales is net sales generated through electronic ordering by the final customer at the fair value of the consideration received or receivable.

## Net debt

Net debt is the difference between (i) the sum of loans, lease liabilities, cumulative preferred financing shares 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. The definition remains unchanged following the adoption of IFRS 16.

# Definitions: Performance measures

## 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 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.

## 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.

## Regular capex expenditure

The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.

## Return on capital

Return on capital (RoC) is calculated as underlying operating income before depreciation, 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%.

## 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.

Prior to the adoption of IFRS 16, gains and losses on lease and sublease were not adjusted for to determine underlying operating income but the amounts were not significant.

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.

## 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.

Prior to the adoption of IFRS 16, gains and losses on lease and sublease were not adjusted for to determine underlying operating income but the amounts were not significant.

## 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."

## 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.

## Non-financial performance measures

The specific definitions outlined below add context to our non-financial performance measures, as well as detail to some of the specific calculations.

### 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 UTZ Certification, Rainforest Alliance, Fairtrade USA / Fairtrade International or equivalent standards. Acceptable standards for palm oil include Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria, Rainforest Alliance SAN Standard or equivalent standards. Acceptable standards for wood fiber are the Forest Stewardship Council (FSC) Chain of Custody, Program for Endorsement of Forest Certification (PEFC) Grade A standards, Sustainable Forestry Initiative (SFI) or equivalent standards. Acceptable standards for soy are Roundtable on Responsible Soy (RTRS) standard for Responsible Soy Production, ProTerra, or equivalent standards. We purchase 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) or Aquaculture Stewardship Council (ASC) farm standards.



# Definitions: Performance measures

## Palm oil RSPO-certified

The Roundtable for Sustainable Palm Oil (RSPO) initiated a certification program to promote the use of sustainable palm oil, with different supply chain options: RSPO Segregated, RSPO Mass Balance and RSPO Book & Claim. RSPO Segregated certifies that palm oil only comes from RSPO-certified palm plantations. RSPO Mass Balance certifies that palm oil comes from a mix of RSPO-certified and RSPO-uncertified palm plantations. RSPO Book & Claim enables companies to buy credits from RSPO-certified growers, crushers and independent smallholders. To comply with RSPO Certification requirements, any supplier that uses palm-based ingredients must be RSPO Chain of Custody-Certified, and purchase RSPO-Certified (Mass Balance or Segregated) palm oil.

## amfori BSCI

amfori BSCI (Business Social Compliance Initiative): 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. We consider the following standards to be “BSCI Equivalent”<sup>†</sup>: Ethical Trading Initiative (ETI) / SMETA; Fair for Life / For Life; Fair Labor Association (FLA)<sup>†</sup>; Fair Trade USA<sup>††</sup>; Fairtrade Hired Labor; Fairtrade Textile; Florverde<sup>††</sup>; Initiative Clause Sociale (ICS); Kenya Flower Council (KFC); MPS – Socially Qualified (SQ); Proterra; Rainforest Alliance (RA) / Sustainable Agriculture Network (SAN); Sustainable Agriculture in South Africa (SIZA); Sustainably Grown; Social Accountability (SA) 8000; UTZ Certified<sup>††</sup>; Wine and Agricultural Ethical Trade Association (WIETA).

<sup>†</sup> Only audit reports conducted by external, independent auditors are considered equivalent.

<sup>††</sup> Only applicable if the production unit is a farm.

## 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 careers with Ahold Delhaize.

## Associate engagement benchmarks

**Global retail benchmark:** This is a reflection of companies in the retail sector that have a brick-and-mortar and online presence globally. Ahold Delhaize defines this more broadly than just grocery retailers and the countries we have a presence in because we compete for talent with all retailers globally and we want to understand our strengths and opportunities against the global talent competition.

## Biodiversity

The variety of species present on earth, or in a specific habitat or ecosystem.

## Carbon footprint methodology and data scope

The carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD) / World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol regarding corporate greenhouse gas accounting and reporting. Our Ahold Delhaize carbon footprint reporting takes into account Scope 1, Scope 2 and limited Scope 3 emissions.

**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, 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.

**Limited Scope 3 (other indirect emissions):** emissions from franchise stores (including estimates) and affiliated stores and trucking emissions from subcontracted trucks that deliver Ahold Delhaize products from operated distribution centers to stores.

The Group’s total CO<sub>2</sub>-equivalent emissions and energy figures include all energy and related emissions data as defined by the scopes above, including data from facilities that closed or opened during 2019.

We use the latest available emission factors in our reporting. We source electricity emission factors from the International Energy Agency (IEA, 2018 edition; 2016 data) for European countries and from GHG Protocol 2014 (based on eGrid 2016 values, issued in February 2018 by the U.S. Environmental Protection Agency – EPA) for the United States. We source fuel emission factors from GHG Protocol 2014 wherever available, and otherwise from other appropriate sources. For refrigerant leakages, we apply the Global Warming Potentials (GWP) for refrigerant blends used in Ahold Delhaize facilities based on Intergovernmental Panel for Climate Change Assessment Report data IPCC, AR5 (2014).

We do not extend our reporting to include all Scope 3 emissions, but we work with our peer companies and suppliers to better understand the climate change impact we have throughout our entire value chain. Scope 3 defined by the GHG Protocol accounts for all the remaining emissions that result from our activities, ranging from products transportation to affiliated stores to emissions from our supply chain, including emissions from growing and packaging the food we sell.

# Definitions: Performance measures

## CO<sub>2</sub> emissions / CO<sub>2</sub> equivalent (CO<sub>2</sub>e)

The CO<sub>2</sub> (carbon dioxide) emissions data we report consists of a calculated CO<sub>2</sub> equivalent: actual CO<sub>2</sub> emitted plus equivalent emissions from other greenhouse gases (such as CH<sub>4</sub>, N<sub>2</sub>O and F-gases).

## 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.”

## Deforestation

The removal of a forest or stand of trees from land which is then converted to a non-forest use. Deforestation can involve conversion of forest land to farms, ranches, or urban use. The most concentrated deforestation occurs in tropical rainforests.

## Food waste

As defined by the Food and Agriculture Organization of the United Nations (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 of, 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 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](http://www.flwprotocol.org).

## 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.

## Front-of-pack nutritional labeling

Nutritional labeling (showing the amount of certain nutrients) that is on the front of a product package. At a minimum, it comprises the calories per serving.

## GFSI

Global Food Safety Initiative: a Consumer Goods Forum activity that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

## Greenhouse gases

Gases such as carbon dioxide or methane that contribute to climate change.

## Global Reporting Initiative (GRI)

An independent international not-for-profit organization that developed the GRI Sustainability Reporting Standards and works to support their implementation.

## Global Sustainable Seafood Initiative (GSSI)

A global platform and partnership of seafood companies, NGOs, experts and governmental and intergovernmental organizations working towards more sustainable seafood. GSSI's Global Benchmark Tool includes GSSI Essential Components that are based on the Code of Conduct for Responsible Fisheries (CCRF) and the FAO Guidelines and seafood certification schemes must meet to be recognized by GSSI.

## Global Warming Potential (GWP)

Defined by the GHG Protocol as “a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO<sub>2</sub>.” By using GWP, GHG emissions can be standardized to a carbon dioxide equivalent (CO<sub>2</sub>e) that allows expressing the emissions of different greenhouse gases using carbon dioxide as a reference. For example, for a 100-year time horizon, the impact of one unit of methane is 25 times greater than one unit of CO<sub>2</sub> (according to IPCC's 4th assessment report). Hence, methane's global warming potential (GWP) is 25. Hence, methane's global warming potential (GWP) is 25.

## Average GWP

The GWP of all refrigerants we use in our systems (including stores and distribution centers) weighted in relation to their total charge.

# Definitions: Performance measures

## Healthy products

Products that meet nutritional criteria as determined by Guiding Stars (in the U.S.) and Choices nutrition criteria (in Europe). See [guidingstars.com](http://guidingstars.com) or [www.choicesprogramme.org](http://www.choicesprogramme.org).

## Last-stage of production 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 last stage of production (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 – (re-)packing in a non-high-risk country is excluded.

## National brands

Products that are distributed nationally under a brand name owned by the producer or distributor.

## 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.

## 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 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.

## 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."

## Pick-up point

A pick-up point (PUP) is a location that serves as a point where customers can pick up groceries they have ordered online. PUPs with pick-from-store capability are also referred to as click-and-collect points.

## 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.

## Rate of lost days due to accidents

Number of days lost that are directly related to work-related accidents per 200,000 hours worked. The number of days lost are days scheduled to be worked according to each associate's schedule. An accident is a non-fatal or fatal injury arising in the course of work.

## Sales area

The sum of the store areas (in square meters) where products are sold and services provided, taken at the end of the year.

## 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.

## United Nations Global Compact

An initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environmental and anti-corruption.

## Waste

"Total Waste Generated" 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 for energy, 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.