



53	Our Management Board and Executive Committee
55	Our Supervisory Board
57	Corporate governance
63	Supervisory Board report
70	Remuneration
77	How we manage risk
86	Declarations

Our Management Board and Executive Committee

Our Management Board

Executive Committee diversity¹

Gender



¹ Including the members of the Management Board.



Frans Muller

President and Chief Executive Officer; Chairman and member of Management Board and Executive Committee

Frans Muller started as President and Chief Executive Officer of Ahold Delhaize on July 1, 2018. Before that, he served as Deputy Chief Executive Officer and Chief Integration Officer since 2016. He was also Acting Chief Operating Officer for Delhaize America from October 2016 until January 2018. Prior to Ahold Delhaize, Frans served for three years as President and CEO of Delhaize Group.

Before joining Delhaize Group, Frans worked for German retailer Metro AG for more than 15 years, serving in various leadership positions at Metro AG, including managing director of Makro, member of the board of Metro Cash & Carry International, president for Asia Pacific and Russia / Ukraine, and CEO of Metro Group Buying. From 2006 until 2013, he was a member of the Metro AG Management Board and served as CEO of Metro Cash & Carry from 2008 until 2013.

From 1988 to 1997, Frans held various management and executive positions at KLM Cargo in Amsterdam, Frankfurt, Vienna and Singapore.

Frans is president of the European Retail Round Table and serves on the board of directors of the Vlerick Business School.

Age: 57

Nationality: Dutch



Jeff Carr

Chief Financial Officer; Member Management Board and Executive Committee

Jeff Carr has served as Chief Financial Officer of Ahold Delhaize since July 24, 2016. Jeff joined Ahold on November 14, 2011, as acting member of the Management Board and CFO. Ahold's shareholders appointed him to the Management Board on April 17, 2012.

Jeff began his career at Unilever, and held senior roles in finance at Grand Metropolitan plc, Reckitt Benckiser and Associated British Foods. From 2005 to 2009, he was group finance director and a member of the board at easyJet plc. Jeff was then appointed to the role of group finance director and a member of the board at FirstGroup plc, a leading transport operator in the UK and the United States. Jeff serves as non-executive director of Kingfisher plc, Europe's leading home improvement retailer.

Jeff has lived and worked in Europe and the United States.

Age: 57

Nationality: British



Kevin Holt

Chief Executive Officer Ahold Delhaize USA; Member Management Board and Executive Committee

Kevin Holt has served as Chief Executive Officer Ahold Delhaize USA since January 1, 2018. Prior to that, Kevin had been Chief Operating Officer Ahold USA since October 2016, after serving as COO Delhaize America since July 24, 2016. He had earlier served as Executive Vice President of Delhaize Group and CEO of Delhaize America, starting in 2014.

Before joining Delhaize Group, Kevin was president of retail operations for SuperValu. During his tenure there, the company owned the Albertsons, Jewel-Osco and Save-A-Lot chains and was the third largest food retailing company in the United States.

Prior to SuperValu, Kevin worked for three years with Sears Holding Company and 14 years with Meijer, serving in various leadership positions, including executive vice president of retail operations and senior vice president of information technology / services and strategic planning.

Before joining the retail industry, Kevin spent nine years at NCR delivering technology solutions to large and complex organizations.

Age: 60

Nationality: American



Wouter Kolk

Chief Executive Officer Europe and Indonesia; Member Management Board and Executive Committee

Wouter Kolk started as Chief Executive Officer Europe and Indonesia on October 1, 2018. He had been Chief Operating Officer the Netherlands and Belgium and member of the Executive Committee of Ahold Delhaize since September 8, 2017.

Wouter re-joined Ahold in 2013 as EVP Specialty Stores and New Markets at Albert Heijn following a six-year period as CEO of international retailer WE Fashion. He became Chief Executive Officer Albert Heijn in January 2015. He first started at Ahold in 1991, and over the next 16 years served in several international commercial and general management roles, including Commercial Director Asia-Pacific based in Singapore, Regional Director Albert Heijn, General Manager Gall & Gall and General Manager of Etos. Wouter is a member of the supervisory boards of the Hortus Botanicus Amsterdam and concert hall Paradiso.

Age: 52

Nationality: Dutch

Our Management Board and Executive Committee

Our Executive Committee

Executive Committee diversity¹

Nationality



¹ Including the members of the Management Board.



Abbe Luersman
Chief Human Resources Officer;
Member Executive Committee

Abbe Luersman has served as Chief Human Resources Officer and member of Ahold Delhaize's Executive Committee since July 24, 2016. She is responsible for Global Human Resources, including Talent and Diversity; Leadership and Development; Organizational Effectiveness and Design; and Total Rewards. Prior to this, Abbe had served as Ahold's Chief Human Resources Officer and member of the Executive Committee from November 1, 2013.

Before that, Abbe worked for Unilever, where she held various HR leadership roles, most recently as head of human resources for Unilever Europe. Prior to Unilever, Abbe worked at Whirlpool Corporation, holding a number of senior roles in human resources, both in the United States and internationally.

Abbe is a member of the Network of Executive Women board of directors, the Gartner CHRO Global Leadership board of directors and the Netherlands American Chamber of Commerce board of directors.

Age: 51

Nationality: American



Jan Ernst de Groot
Chief Legal Officer;
Member Executive Committee

Jan Ernst de Groot has served as Chief Legal Officer since July 24, 2016. Prior to that, he was Chief Legal Officer and member of Ahold's Executive Committee since February 1, 2015. Jan Ernst is responsible for Ahold Delhaize's legal affairs, governance and compliance functions, safety, public affairs and product integrity.

Before joining Ahold, Jan Ernst was general counsel and managing director at TNT Express. Prior to that, he worked for KLM Royal Dutch Airlines in a wide range of business and corporate roles, most recently as managing director and a member of the board of management. Jan Ernst started his career at law firm De Brauw Blackstone Westbroek.

Jan Ernst is chairman of the supervisory council of Hivos, a supervisory board member of ADG Dienstengroep and a board member of the Hermitage Museum Amsterdam.

Age: 55

Nationality: Dutch



Ben Wishart
Global Chief Information Officer;
Member Executive Committee

Ben Wishart became a member of the Executive Committee on January 1, 2018. Ben joined Ahold in 2013 in the role of Global Chief Information Officer and has continued in this role for Ahold Delhaize. He is responsible for leadership and governance on technology matters globally, including strategy and solution delivery, enabling digital platforms, cyber defense and sourcing.

He previously served as CIO of Morrisons plc and Whitbread plc and held various senior Information Technology roles at Tesco plc, following early career roles in consulting with Cap Gemini and sales and marketing with American Express.

Age: 56

Nationality: British



Farhan Siddiqi
Chief Digital Officer;
Member Executive Committee

On January 28, 2019, Farhan Siddiqi joined Ahold Delhaize as Chief Digital Officer and member of the Executive Committee. He is responsible for driving digital transformation and innovation across Ahold Delhaize's local brands, focusing on loyalty, data analytics and personalization.

Before joining Ahold Delhaize, Farhan served as chief digital officer at McDonald's, and led the restaurant chain's digital transformation, including the launch of mobile commerce in 20,000 restaurants, a new mobile app and the upgrade of self-service ordering kiosks. He was also responsible for data analytics and extending Customer Relationship Management capabilities.

Prior to this, Farhan held various key leadership positions within Bank of America, Target and General Electric, where he focused on implementing successful customer loyalty programs and digital payment solutions and launching strategic partnerships.

Age: 50

Nationality: American

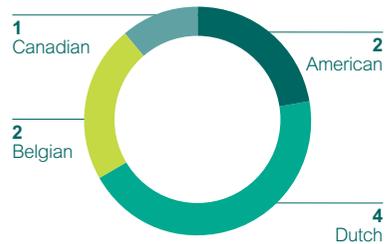
Our Supervisory Board

Supervisory Board diversity

Gender



Nationality



Jan Hommen

Chairman and Chairman of the Governance and Nomination Committee

Jan Hommen has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and as its Chairman since April 11, 2018. Jan is also the Chairman of the Governance and Nomination Committee and a member of the Sustainability and Innovation Committee. In addition, he served as Chairman of Ahold's Supervisory Board since 2013. Jan was Vice Chairman of Ahold's Supervisory Board and Chairman of its Audit Committee from 2003 to 2007.

Jan is the former CEO of ING Group N.V., CEO of KPMG the Netherlands, CFO and vice chairman of the board of management of Royal Philips Electronics N.V. and CFO of Aluminum Company of America Inc.

Currently, Jan is chairman of the supervisory board of Koninklijke VolkerWessels N.V., chairman (senior advisor) of BlackRock Netherlands, chairman of the board of trustees of United World College Nederland and a member of the supervisory board of ProteoNic B.V.

Age: 75

Nationality: Dutch



Bill McEwan

Vice Chairman and Chairman of the Remuneration Committee

Bill McEwan has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is Chairman of the Remuneration Committee and a member of the Sustainability and Innovation Committee. Prior to this, he served on Delhaize's Board of Directors as of 2011 and was Chairman of its Remuneration Committee.

Bill is the former president and CEO of Sobeys Inc., and was a member of the board of directors of its parent company, Empire Company Limited.

Between 1989 and 2000, Bill held a variety of progressively senior marketing and merchandising roles with Coca-Cola Limited and Coca-Cola Bottling as well as with The Great Atlantic and Pacific Tea Company (A&P), both in Canada and in the United States. Bill served as president of A&P's Canadian operations before his appointment as president and chief executive officer of the company's U.S. Atlantic Region.

Bill is a member of the board of Aimia Inc.

Age: 62

Nationality: Canadian



Jacques de Vaucleroy

Vice Chairman

Jacques de Vaucleroy has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is member of the Audit, Finance and Risk Committee and the Sustainability and Innovation Committee. Prior to this, he served on Delhaize's Board of Directors starting in 2005 and was Chairman of its Governance and Nomination Committee.

Jacques has spent most of his career within the ING group, where he was a member of the executive board and CEO of ING Insurance and Investment Management Europe. Jacques was a member of AXA Group's management committee and CEO of the company's Northern, Central and Eastern Europe business unit from 2010 until 2016. He also assumed global responsibility for the AXA Group's life and savings and health businesses from 2011 until 2016.

Currently, Jacques is a member of the boards of directors of Swiss Re Ltd, Swiss Re Europe, Fidelity International Ltd, Zabka Polska and Colt Technology Services Group plc. He is also a member of the advisory boards of Artexis Easyfairs and CVC Belgium.

Age: 58

Nationality: Belgian



René Hooft Graafland

Chairman of the Audit, Finance and Risk Committee

René Hooft Graafland has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is Chairman of the Audit, Finance and Risk Committee and member of the Sustainability and Innovation Committee. Prior to this, he was appointed to the Ahold Supervisory Board on April 16, 2014, with effect from January 1, 2015.

René previously held the position of CFO and member of the executive board of Heineken N.V. until April 2015. Before being appointed as a member of Heineken's executive board in 2002, he held various international management positions with the company in Europe, Asia and Africa.

René is vice-chairman of the supervisory board and chairman of the audit committee of Wolters Kluwer N.V. and a member of the supervisory board and audit committee of Koninklijke FrieslandCampina N.V. He is chairman of the boards of the Royal Theatre Carré Fund and the Stichting African Parks Foundation. René is also a member of the Monitoring Commission Corporate Governance Code.

Age: 63

Nationality: Dutch

Our Supervisory Board

continued



Rob van den Bergh Chairman of the Sustainability and Innovation Committee

Rob van den Bergh has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is Chairman of the Sustainability and Innovation Committee and member of the Remuneration Committee. Prior to this, he was first appointed to the Ahold Supervisory Board on April 20, 2011.

Rob is former CEO of VNU N.V. Before that, he held various other executive positions within VNU, was a member of the executive board from 1992 and was appointed CEO in 2000.

Rob is a member of the supervisory boards of Pon Holdings B.V., Iddink Groep B.V. and Novamedia. He is also a member of the advisory board of CVC Capital Partners and member of the Netherlands Committee of Human Rights Watch.

Age: 68

Nationality: Dutch



Mary Anne Citrino

Mary Anne Citrino has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Audit, Finance and Risk Committee and the Sustainability and Innovation Committee. Prior to this, she was appointed to the Ahold Supervisory Board on March 14, 2016.

Mary Anne is a senior advisor to Blackstone. She joined the Blackstone Advisory Partners Group as senior managing director in 2004.

Mary Anne was employed at Morgan Stanley for over 20 years, during which she served as the global head of consumer products investment banking, co-head of healthcare services investment banking, and as a mergers and acquisitions analyst.

Currently, Mary Anne is a director of Aluminum Company of America Inc. and a member of its governance and nominating committee and public issues committee. Mary Anne is chair of the audit committee and member of the finance, investment and technology committee of Hewlett Packard, Inc. Mary Anne also serves as non-executive director and member of the board risk committee of Barclays plc.

Age: 59

Nationality: American



Dominique Leroy

Dominique Leroy has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is member of the Governance and Nomination Committee and the Sustainability and Innovation Committee. Prior to this, she served on Delhaize's Board of Directors starting in 2015.

Dominique has been the CEO of Proximus (formerly Belgacom) and a member of the board of directors of Proximus since 2014. She began working at Belgacom SA in 2011 as vice president of sales for the consumer division. In 2012, Dominique held the position of executive vice president of the consumer business unit of Belgacom and was a member of the management committee of Belgacom Group.

Prior to this, Dominique worked for 24 years at Unilever. She was managing director at Unilever (BeLux) and member of the Unilever Benelux management committee.

Dominique is also chairwoman of the boards of the Proximus subsidiaries BICS and Be-Mobile and member of the board of Proximus Art. In addition, Dominique is an independent board member for the French construction materials group Saint Gobain and chairwoman of the international advisory board of the Solvay Brussels School of Economics and Management. Dominique was board member of Lotus Bakeries till May 2018.

Age: 54

Nationality: Belgian



Mark McGrath

Mark McGrath has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Governance and Nomination Committee and the Sustainability and Innovation Committee.

He was first appointed to the Ahold Supervisory Board on April 23, 2008. Mark is a director emeritus of McKinsey & Company. He led the firm's Americas Consumer Goods Practice from 1998 until 2004, when he retired from the company. Mark is a former director of GATX and Aware Inc.

Mark serves on the advisory council of the University of Chicago's Booth Graduate School of Business. He is a trustee and serves on the executive committee of the Chicago Symphony Orchestra Association.

Age: 72

Nationality: American



Ben Noteboom

Ben Noteboom has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Remuneration Committee and the Sustainability and Innovation Committee. Prior to this, he was first appointed to the Ahold Supervisory Board on April 28, 2009.

Ben is former CEO and chairman of the executive board of Randstad Holding N.V., to which he was appointed in 2001. He had first joined Randstad in 1993 and held various senior management positions during his time with the company.

Ben is chairman of the supervisory board of Koninklijke Vopak N.V., chairman of its selection and appointment committee and a member of its remuneration committee. He is also a member of the supervisory board of Aegon N.V., chairman of its remuneration committee and a member of its risk committee. In addition, he serves as a member of the supervisory board and audit committee of Wolters Kluwer N.V., and as a member of the board of the Cancer Center Amsterdam.

Age: 60

Nationality: Dutch

Corporate governance

We have designed our corporate governance structure to best support our business, meet the needs of our stakeholders and comply with laws and regulations.

This section contains an overview of our corporate governance structure and includes information required under the new Dutch Corporate Governance Code, effective January 1, 2017 (Dutch Corporate Governance Code).

Governance structure

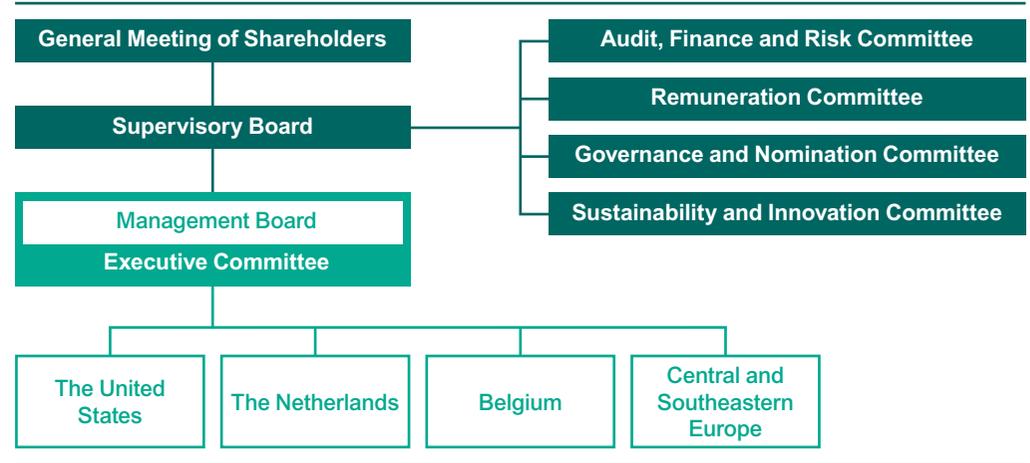
Koninklijke Ahold Delhaize N.V. (“the Company” or “Ahold Delhaize”) is a public company under Dutch law, structured to execute our strategy and to balance local, regional and global decision-making.

In 2018, our Company comprised a Global Support Office and four reportable segments: The United States, The Netherlands, Belgium, and Central and Southeastern Europe (CSE) – each of which are made up of a number of local brands. See also *Note 6* to the consolidated financial statements.

Ahold Delhaize has a two-tier board structure with a Supervisory Board and Management Board that are accountable to our shareholders. Our Management Board has ultimate responsibility for the overall management of Ahold Delhaize. The Supervisory Board supervises and advises the Management Board.

The Executive Committee comprises our Management Board and other key officers of the Company, led by the Chief Executive Officer. The Executive Committee has been established to involve a broader leadership team in the decision-making process to optimize strategic alignment and operational execution while having the flexibility to adapt to developments in the business and across the Company and the industry.

Governance structure



The above diagram shows Ahold Delhaize’s governance structure. A list of subsidiaries, joint ventures and associate companies is included in *Note 36* to the consolidated financial statements.

Transition

Following the Company’s progress since the merger, 2018 was a year of transition, during which Ahold Delhaize moved into the next phase of its governance. The roles of Deputy CEO and Chief Integration Officer and Chief Sustainability, Transformation and Communications Officer were no longer required. In addition, the number of Supervisory Board members was reduced from 12 to nine and the Presidium was terminated.

Management Board and Executive Committee

Our Management Board has the responsibility for the overall management of the Company and oversees corporate governance. It is also responsible for the actions and decisions of the Executive Committee, which manages our general affairs and ensures effective implementation of the strategy and achievement of the Company’s objectives.

The Management Board and Executive Committee together support our business, meet the needs of our stakeholders and ensure we comply with relevant rules and regulations. The members of Executive Committee are invited to the meetings of the Supervisory Board by invitation of the Chairman of the Supervisory Board and attend the Supervisory Board committee meetings relevant to their respective functional responsibilities.



For a more detailed description of the responsibilities of the Management Board and the Executive Committee, see the *Rules of Procedure* in the *Governance* section of Ahold Delhaize’s public website at www.aholddelhaize.com

Corporate governance

continued

Composition of the Management Board and Executive Committee

According to our Articles of Association, the Management Board must consist of at least three members. The current members are: Frans Muller, President and Chief Executive Officer; Jeff Carr, Chief Financial Officer; Kevin Holt, Chief Executive Officer Ahold Delhaize USA; and Wouter Kolk, Chief Executive Officer Europe and Indonesia. The current members of the Executive Committee are the members of the Management Board along with Abbe Luersman, Chief Human Resources Officer; Jan Ernst de Groot, Chief Legal Officer; Ben Wishart, Global Chief Information Officer; and Farhan Siddiqi, Chief Digital Officer¹.

On July 1, 2018, Dick Boer stepped down as President and Chief Executive Officer and on November 1, 2018, Marc Croonen stepped down from the Executive Committee.

At Ahold Delhaize, we believe that a diverse and fully representative Management Board and Executive Committee contributes to well-balanced decision-making processes and the optimal functioning of both the Management Board and the Executive Committee. In accordance with provision 2.1.5 of the Dutch Corporate Governance Code, Ahold Delhaize's diversity policy states that the composition of the Executive Committee and the Management Board and the combined experience and expertise of their members should reflect the profile of the Company as it relates to nationality, age, education, gender and professional background.

At the same time we aim for the best fit, in combination with the availability of qualified candidates. At this moment, Ahold Delhaize has a Management Board in which all four members are male and an Executive Committee in which one member is female and seven members are male. We recognize there is room for improvement and we continue to seek to identify potential Board members who would enhance the diversity of the Boards in the above-mentioned areas.

In order to meet our diversity ambitions and comply with statutory guidelines for gender diversity in the coming years, we continue to work to ensure we build robust development and succession plans; generate diverse, balanced slates; and take the necessary actions to retain our current diverse talents so we can build our talent pipeline and drive greater diversity at all levels in our organization.

Appointment, suspension and dismissal

The General Meeting of Shareholders can appoint, suspend or dismiss a Management Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved, but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held.

In the second meeting, only an absolute majority of votes exercised, regardless of the number of shares represented at the meeting, is required to adopt the proposal.

Management Board members are appointed for four-year terms and may be reappointed for additional terms not exceeding four years. The Supervisory Board may at any time suspend a Management Board member and Executive Committee member. The other members of the Executive Committee are appointed, suspended and dismissed by the Supervisory Board, at the proposal of the CEO.

Remuneration

On April 19, 2016, Ahold Delhaize's General Meeting of Shareholders adopted the current remuneration policy for Management Board members.

You can find details of this policy in *Remuneration*. For detailed information on the individual remuneration of Management Board members, see *Notes 31* and *32* to the consolidated financial statements.

Possible reappointment schedule Management Board

Name	Date of first appointment	Year of possible reappointment
Frans Muller	March 14, 2016 ¹	2020 ²
Jeff Carr	April 17, 2012	2020
Kevin Holt	March 14, 2016 ¹	2020
Wouter Kolk	April 11, 2018	2022

¹ Effective July 24, 2016.

² At the 2018 General Meeting of Shareholders, the Company expressed its intent to propose to shareholders in 2019 the reappointment of Frans Muller for a term of four years, after the 2019 General Meeting of Shareholders.

Evaluation

In 2019, the Management Board and the Executive Committee conducted a self-assessment by means of a structured dialogue chaired by the CEO. Items that were assessed and discussed included diversity in relation to the composition of the Management Board and the Executive Committee, meeting processes and procedures, discussions and decision-making, and team dynamics.

Supervisory Board

The Supervisory Board is responsible for supervising and advising our Management Board and overseeing the general course of affairs, strategy, operational performance and corporate governance of the Company. The Supervisory Board is guided in its duties by the interests of the Company and the enterprise connected with the Company, taking into consideration the overall well-being of the enterprise and the relevant interests of all its stakeholders. The Supervisory Board is responsible for monitoring and assessing its own performance.

Ahold Delhaize's Articles of Association require the approval of the Supervisory Board for certain major resolutions by the Management Board, including:

- Issuance of shares
- Acquisitions, repurchases of shares, and any reduction in issued and outstanding capital
- Allocation of duties within the Management Board and the adoption or amendment of the Rules of Procedure of the Management Board and the Executive Committee
- Significant changes in the identity or the nature of the Company or its enterprise

¹ As of January 28, 2019.

Corporate governance

continued

More detailed information on the Supervisory Board can be found in the *Supervisory Board report*. The Rules of Procedure of the Supervisory Board are available in the *Governance* section of Ahold Delhaize's public website at www.aholddelhaize.com.

Appointment

The General Meeting of Shareholders can appoint, suspend or dismiss a Supervisory Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute majority of votes exercised, is required, regardless of the number of shares represented at the meeting.

A Supervisory Board member is appointed for a four-year term and may be reappointed for another four-year period. The Supervisory Board member may subsequently be reappointed for a period of two years, which may be extended by, at most, two years.

Conflict of interest

A member of the Supervisory Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and provide all relevant information. In the event of a potential conflict of interest, the member of the Management Board concerned is required to immediately report this to the Chairman of the Supervisory Board and to the other members of the Management Board and provide them with all relevant information.

Should a conflict of interest arise, the Supervisory Board or the relevant Management Board member may not participate in the discussions and decision-making process on subjects or transactions relating to the conflict of interest.

We will record any such transactions in the annual report for the relevant year, with reference to the conflict of interest and a confirmation that we have complied with best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code. During 2018, no member of the Supervisory Board or the Management Board had a conflict of interest that was of material significance to the Company.

In addition, no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2018, corresponding to the best practice provision 2.7.5 of the Code.

Shares and shareholders' rights

General Meeting of Shareholders

Ahold Delhaize's shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. The Company is required to convene an annual General Meeting of Shareholders in the Netherlands each year, no later than six months after the end of the Company's financial year. Extraordinary General Meetings of Shareholders may be convened at any time by the Supervisory Board, the Management Board, or by one or more shareholders (and / or holders of depository receipts) representing at least 10% of the issued share capital.

The agenda for the annual General Meeting of Shareholders must contain certain matters as specified in Ahold Delhaize's Articles of Association and under Dutch law, including the adoption of our annual financial statements. The General Meeting of Shareholders is also entitled to vote on important decisions regarding Ahold Delhaize's identity or character, including major acquisitions and divestments.

Shareholders (and / or holders of depository receipts) are entitled to propose items for the agenda of the annual General Meeting of Shareholders provided that they hold at least 1% of the issued share capital or the shares or depository receipts that they hold represent a market value of at least €50 million. Proposals for agenda items for the annual General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting.

Adoption of resolutions

Subject to certain exceptions provided by Dutch law or our Articles of Association, resolutions are passed by an absolute majority of votes cast without a requirement for a quorum.

Proposals submitted to the agenda by shareholders require an absolute majority of votes cast at the annual General Meeting of Shareholders representing at least one-third of the issued shares. If this qualified majority is not achieved but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, an absolute majority of votes exercised is required to adopt the proposal, regardless of the number of shares represented at the meeting (unless the law or our Articles of Association provide otherwise).

A resolution to dissolve the Company may be adopted by the annual General Meeting of Shareholders following a proposal of the Management Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the annual General Meeting of Shareholders at which that proposal is to be considered.

Corporate governance

continued

Voting rights

Each common share entitles its holder to cast one vote. Dutch law prescribes a record date to be set 28 days prior to the date of the annual General Meeting of Shareholders to determine whether a person may attend and exercise the rights relating to the annual General Meeting of Shareholders. Shareholders registered at that date are entitled to attend and to exercise their rights as shareholders in relation to the annual General Meeting of Shareholders, regardless of a sale of shares after the record date. Shareholders may be represented by written proxy.

We encourage participation in our General Meetings of Shareholders. We use Deutsche Bank Trust Company Americas, the Depository for the Company's American Depositary Receipt (ADR) facility, to enable ADR holders to exercise their voting rights, which are represented by the common shares underlying the ADRs.

Neither Ahold Delhaize nor any of its subsidiaries may cast a vote on any share they hold in the Company. These shares are not taken into account for the purpose of determining how many shareholders are represented or how much of the share capital is represented at the General Meeting of Shareholders.

Holders of depositary receipts of cumulative preferred financing shares may attend the General Meeting of Shareholders. The voting rights on the underlying shares may be exercised by the Stichting Administratiekantoor Preferente Financierings Aandelen Ahold (SAPFAA), a foundation organized under the laws of the Netherlands.

Cumulative preferred financing shares

All outstanding cumulative preferred financing shares have been issued to SAPFAA. Holders of depositary receipts can obtain proxies from SAPFAA.

In accordance with its articles, the board of SAPFAA consists of three members: one A member, one B member and one C member. The A member is appointed by the general meeting of depositary receipt holders, the B member is appointed by the Company and the C member is appointed by a joint resolution of the A member and the B member. On February 26, 2019, the members of the board of SAPFAA are:

Member A:	J.L. van der Giessen
Member B:	C.W. de Monchy
Member C:	R. ter Haar, chairman

Ahold Delhaize pays a mandatory annual dividend on cumulative preferred financing shares, which is calculated in accordance with the provisions of article 39.4 of the Company's Articles of Association. For further details on cumulative preferred financing shares, including restrictions on transfer, and the related voting rights, see *Note 22* to the consolidated financial statements.

Cumulative preferred shares

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD, previously named Stichting Ahold Continuïteit), as amended and restated in April 1994, March 1997, December 2001 and December 2003 (the Option Agreement). The Option Agreement was designed to, in accordance with the purpose of SCAD under its articles, potentially exercise influence in the event of a public offer or a potential change of control over the Company, to safeguard the interests of the Company and all stakeholders in the Company and to potentially avert, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, independence or identity.

Pursuant to the Option Agreement, SCAD has been granted an option for no consideration to acquire cumulative preferred shares from the Company from time to time. After actively engaging with its shareholders and other stakeholders, the Company agreed with SCAD in May 2018 to extend the Option Agreement for a period of 15 years, effective December 15, 2018. Building on shareholder feedback, the Company has agreed with SCAD on two additional commitments:

- Within six months after the option is exercised, the Company will call a shareholders meeting to discuss the situation with shareholders.
- Within one year after the option is exercised, the Company will call a shareholders meeting to vote on cancellation of the shares issued to SCAD; SCAD will not vote on its shares in relation to that matter.

SCAD and the members of its board are independent from the Company. As of February 26, 2019, the members of the board of SCAD are:

Name	Principal or former occupation
W.G. van Hassel, chairman	Lawyer and former chairman of Dutch Bar Association
G.H.N.L. van Woerkom	Former Chairman of Detailhandel Nederland
J. van den Belt	Former CFO Océ
B. Vree	Former CEO APM Terminals Europe

For further details on Ahold Delhaize's cumulative preferred shares, including restrictions on transfer, see *Note 20* to the consolidated financial statements. The related documents are available on our public website at www.aholddelhaize.com.

Issuance of additional shares and preemptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders on a proposal of the Management Board made with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Management Board for a period of time not exceeding five years.

A resolution of the General Meeting of Shareholders to issue shares, or to authorize the Management Board to do so, is also subject to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation.

On April 11, 2018, the General Meeting of Shareholders approved a delegation of this authority to the Management Board, relating to the issuance and / or granting of rights to acquire

Corporate governance

continued

common shares up to a maximum of 10% of the issued share capital through October 11, 2019, and subject to the approval of the Supervisory Board.

Upon the issuance of new common shares, holders of Ahold Delhaize's common shares have a preemptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Ahold Delhaize's common shares. According to the Company's Articles of Association, this preemptive right does not apply to any issuance of shares to associates. The General Meeting of Shareholders may decide to restrict or exclude preemptive rights. The General Meeting of Shareholders may also resolve to designate the Management Board as the corporate body authorized to restrict or exclude preemptive rights for a period not exceeding five years.

On April 11, 2018, the General Meeting of Shareholders delegated to the Management Board, subject to the approval of the Supervisory Board, the authority to restrict or exclude the preemptive rights of holders of common shares upon the issuance of common shares and / or upon the granting of rights to subscribe for common shares through October 11, 2019.

Repurchase by Ahold Delhaize of its own shares

Ahold Delhaize may only acquire fully paid-up shares of any class in its capital for a consideration following authorization by the General Meeting of Shareholders and subject to the approval of the Supervisory Board and certain provisions of Dutch law and the Company's Articles of Association, if:

1. Shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold Delhaize's Articles of Association; and
2. Ahold Delhaize and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 10% of the issued share capital.

In line with the above, the Management Board has been authorized by the General Meeting of Shareholders on April 11, 2018, to acquire a number of shares in the Company. Such acquisition of shares, at the stock exchange or otherwise, will, for common shares, take place at a price between par value and 110% of the opening price of the shares at Euronext Amsterdam by NYSE Euronext on the date of their acquisition.

For cumulative preferred financing shares, this will take place at a price between 100% and 110% of the amount paid up (including share premium) on the relevant shares. The authorization takes into account the possibility of cancelling the repurchased shares. This authorization is valid through October 11, 2019. Ahold Delhaize may acquire shares in its capital for no consideration or for the purpose of transferring these shares to associates through share plans or option plans, without such authorization. The share buyback program of €2 billion that started on January 2, 2018, was successfully completed on December 20, 2018. In total, 100,723,877 of the Company's own shares were repurchased at an average price of €19.86 per share. On January 2, 2019, the Company commenced the €1 billion share buyback program that was announced on

November 13, 2018. The program is expected to be completed before the end of 2019.

Major shareholders

Ahold Delhaize is not directly or indirectly owned or controlled by another corporation or by any government. The Company does not know of any arrangements that may, at a subsequent date, result in a change of control, except as described under *Cumulative preferred shares*.

Significant ownership of voting shares

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

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

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

The following table lists the shareholders on record in the AFM register on February 26, 2019, that hold an interest of 3% or more in the share capital of the Company¹.

- BlackRock, Inc – 5.01% shareholding (6.97% voting rights) disclosed on February 21, 2019
- DeltaFort Beleggingen I B.V. – 10.82% shareholding (3.43% voting rights) disclosed on July 25, 2016²
- NN Group N.V. – 4.89% shareholding (2.54% voting rights) disclosed on August 9, 2017²
- Stichting Administratiekantoor Preferente Financierings Aandelen Ahold – 15.88% shareholding (5.43% voting rights) disclosed on October 2, 2018³

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

2 The interest on record for DeltaFort Beleggingen I B.V. and NN Group N.V. includes the indirect and / or potential interest from depositary receipts, as well as the direct and real interest from common shares.

3 SAPFAA holds all outstanding cumulative preferred financing shares and it issued corresponding depositary receipts to investors that were filed under DeltaFort Beleggingen I B.V. and NN Group N.V. Therefore, in relation to the outstanding cumulative preferred financing shares, disclosures are made by both SAPFAA (for the shares) and by DeltaFort Beleggingen I B.V. and NN Group N.V. (for the corresponding depositary receipts).

For further details on the number of outstanding shares, and the percentages of the issued share capital they represent, see *Note 20* to the consolidated financial statements. For details on capital structure, listings, share performance and dividend policy in relation to Ahold Delhaize's common shares, see *Investors*.

Corporate governance

continued

Articles of Association

Our Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and Industry for Amsterdam and on our public website at www.aholddelhaize.com.

The Articles of Association may be amended by the General Meeting of Shareholders. A resolution to amend the Articles of Association may be adopted by an absolute majority of the votes cast upon a proposal of the Management Board. If another party makes the proposal, an absolute majority of votes cast representing at least one-third of the issued share capital is required. If this qualified majority is not achieved but an absolute majority of the votes is in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute majority of votes, regardless of the number of shares represented at the meeting, is required.

The prior approval of a meeting of holders of a particular class of shares is required for a proposal to amend the Articles of Association that makes any change in the rights that vest in the holders of shares of that particular class.

Right of inquiry

The thresholds for shareholders to exercise the right of inquiry ("het enquêterecht") are based on article 2:346 sub clause 1 under c of the Dutch Civil Code, regardless of the current nominal share capital of the Company. More information on the nominal value of shares can be found in *Note 20* and *Note 22* to the consolidated financial statements.

External independent auditor

The General Meeting of Shareholders appoints the external independent auditor. The Audit, Finance and Risk Committee recommends to the Supervisory Board the external independent auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit, Finance and Risk Committee evaluates and, where appropriate, recommends the replacement of the external independent auditor.

On April 11, 2018, the General Meeting of Shareholders appointed PricewaterhouseCoopers Accountants N.V. as external independent auditor for the Company for the financial year 2018.

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 EU Takeover Directive, we have to report on, among other things, our capital structure; restrictions on voting rights and the transfer of securities; significant shareholdings in Ahold Delhaize; the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and the amendment of the Articles of Association; the powers of the Management Board (in particular the power to issue shares or to repurchase shares); significant agreements to which Ahold Delhaize is a party and which are put into effect, changed or dissolved upon a change of control of Ahold Delhaize following a takeover bid; and any agreements between Ahold Delhaize and the members of the Management Board or associates providing for compensation if their employment ceases because of a takeover bid.

The information required by the Decree Article 10 EU Takeover Directive is included in this Corporate governance section, in the Investors section, as well as in the notes referred to in these sections or included in the description of any relevant contract.

Compliance with Dutch Corporate Governance Code

Ahold Delhaize complies with the relevant principles and best practices of the Dutch Corporate Governance Code applicable to the Company in 2018, as reported in the Governance section. The Dutch Corporate Governance Code can be found at www.mccg.nl.

At the Extraordinary General Meeting of Shareholders on March 3, 2004, our shareholders consented to apply the Dutch Corporate Governance Code. Ahold Delhaize continues to seek ways to improve its corporate governance, including by measuring itself against international best practice.

Corporate Governance statement

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the decree on additional requirements for management reports "Besluit inhoud bestuursverslag" last amended on January 1, 2018 (the Decree). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the section *Compliance with the Dutch Corporate Governance Code*.
- The information concerning Ahold Delhaize's diversity policy, as required by article 3a sub d of the Decree, can be found in the *Management Board and Executive Committee* and *Supervisory Board* sections of Corporate governance as well as in the *Supervisory Board report*.
- The information concerning Ahold Delhaize's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant section under *How we manage risk*.
- The information regarding the functioning of Ahold Delhaize's General Meeting of Shareholders and the authority and rights of our shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under *Shares and shareholders' rights*.
- The information regarding the composition and functioning of Ahold Delhaize's Management Board, Executive Committee and Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the *Management Board and Executive Committee* and *Supervisory Board* sections included in *Corporate governance* as well as in the *Supervisory Board report*.
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the section *Decree Article 10 EU Takeover Directive*.

Supervisory Board report

Jan Hommen
Chairman of the
Supervisory Board



Dear shareholder,

I am pleased to present our Supervisory Board report for 2018.

During 2018, the Supervisory Board fulfilled its responsibilities to supervise and advise the Management Board and oversee the activities and performance of the Company for the benefit of all our stakeholders.

The year 2018 showed that the merger and integration of Ahold and Delhaize had created a solid and efficient platform for growth. At the same time, the Company was able to maintain a strong business performance and build a culture of success, in the midst of a retail market environment that is changing rapidly. Technology, new business models, eCommerce and social demography demand new skills and leadership at all levels of the Company.

This also means we are moving into the next phase of our governance. We reduced the number of members on our Supervisory Board, in line with our ambition as disclosed in 2016. In the next two years, we will need to replace four or five members of the Board due to retirements. For that reason, we are proposing two new members to our Board for approval by shareholders at this year's annual General Meeting. We are looking for new leadership, new energy, new skills and more diversity to support the Company in the future.

In 2018, the Board put particular focus on the leadership change from Dick Boer to Frans Muller with a view to the long-term success of the Company. We are confident that Frans Muller, along with his leadership team, will be able to lead

the Company into its next phase. At the same time, we thank Dick Boer for his outstanding leadership and total dedication throughout his 20-year career at Ahold and Ahold Delhaize. Also in 2018, our Chairman, Mats Jansson, retired from the Board. Mats did a great job in bringing Ahold and Delhaize together and he will always be considered a friend to the Company. We also thank Johnnie Thijs and Patrick de Maeseneire, who retired from the Board during the year, for their active contributions to our Company.

Throughout the second half of the year, we thoroughly reviewed, discussed and approved the refresh of Ahold Delhaize's long-term strategy presented to us by the Management Board, resulting in the introduction of the Leading Together strategy.

The Management Board provided us with detailed information on the performance of the business as well as strategic and operational developments, allowing us to focus on supporting the Management Board in delivering a solid set of full year results. We are pleased to report that 2018 was a successful year, which has enabled us to lay down a solid foundation for the years to come. We thank the members of the Management Board and the Executive Committee and all associates across the Company for their commitment and support.

You can find more details on our 2018 focus areas and meetings in this Supervisory Board report.

On behalf of the Supervisory Board,
Jan Hommen

Composition of the Supervisory Board

Ahold Delhaize's Supervisory Board determines the number of its members. The Supervisory Board profile is published on Ahold Delhaize's public website at www.aholddelhaize.com and is updated regularly.

In accordance with provision 2.1.5 of the Dutch Corporate Governance Code, Ahold Delhaize's diversity policy states that the composition of the Supervisory Board and the combined experience and expertise of its members should reflect the profile of the Company as it relates to nationality, age, education, gender and professional background. In addition, the composition of the Board, including its members' combined experience, expertise and independence, should reflect the best fit for Ahold Delhaize's profile and strategy.

At this moment, two members of Ahold Delhaize's Supervisory Board are female and seven members are male. We think that the size of our Board is appropriate, but we recognize there is room for improvement in its gender diversity and will continue to pay close attention to this aspect in the selection process for new Supervisory Board members.



Supervisory Board report

continued

Rules of Procedure

The Rules of Procedure of the Supervisory Board state that if a member is concurrently a member of another company's supervisory board, the main duties arising from and / or the number and nature of any other supervisory board memberships must not conflict or interfere with that individual's duties as a member of Ahold Delhaize's Supervisory Board.

Appointments and other changes

After the annual General Meeting of Shareholders on April 11, 2018, Mats Jansson stepped down from the Supervisory Board and was succeeded as Chairman of the Board by Jan Hommen.

Bill McEwan succeeded Jan Hommen in his role as Vice Chairman of the Supervisory Board. René Hooft Graafland was reappointed for his second four-year term and Johnny Thijs and Patrick de Maeseneire stepped down from the Supervisory Board.

Ongoing education

Throughout the year, all members of our Supervisory Board visit several of our brands, operations and other segments of the Company to gain greater familiarity with senior management and to develop deeper knowledge of local operations and business opportunities and challenges. In addition, multiple in-depth workshops are held on various topics to allow the Supervisory Board members to gain greater insight into Ahold Delhaize's key priorities.

New members of our Supervisory Board attend a multiple-day induction program at our businesses in the U.S. and the Netherlands as well as at the Global Support Office in Zaandam. During the onboarding program, new Supervisory Board members are briefed on their responsibilities and informed by senior management on the financial, social, sustainability, human resources, governance, legal and reporting affairs of our Company and its businesses.

Evaluation

The Supervisory Board conducted a self-assessment in early 2019. The Board assessed its own performance as well as the performance of its committees and its individual members. The performance of the Management Board and its individual members was assessed during a private meeting.

Overall, the Supervisory Board was positive about the performance of the Management Board. The Supervisory Board was satisfied with the performance of its committees and its functioning as a board. The Supervisory Board concluded that it functions well as a team, in a constructive and open spirit, and that its reduced size is more suitable for the Company. As part of the outcome of the assessment, the Supervisory Board will keep a focus on its own composition in light of the rapid changes happening in the industry, to continue to comply with the highest standards of excellence and governance.



Supervisory Board report

continued

Supervisory Board profile

Name	Experience						Core competencies				
	General business management	International	Retail	Consumer goods	Online / digital	Finance	Social/ employment	Sustainability	Disclosure	Marketing	IT
Jan Hommen	*	*				*	*	*	*		
Bill McEwan	*	*	*	*				*	*	*	
Jacques de Vaucleroy	*	*				*		*			
René Hooft Graafland	*	*		*		*		*	*	*	
Rob van den Bergh	*	*			*			*	*		
Mary Ann Citrino			*	*		*					
Dominique Leroy	*	*		*	*			*	*	*	*
Mark McGrath			*	*							
Ben Noteboom	*	*					*	*	*	*	

Supervisory Board¹ possible reappointment schedule

Name	Date of first appointment ¹	Reappointment for second and third term	End of current appointment
Jan Hommen	October 1, 2013	2017	2021
Bill McEwan	March 14, 2016 ³		2020
Jacques de Vaucleroy	March 14, 2016 ³		2020
René Hooft Graafland	April 16, 2014 ²	2018	2022
Rob van den Bergh	April 20, 2011	2015	2019
Mary Anne Citrino	March 14, 2016		2020
Dominique Leroy	March 14, 2016 ³		2020
Mark McGrath	April 23, 2008	2012 / 2016	2020
Ben Noteboom	April 28, 2009	2013 / 2017	2021

1 In its decision to nominate its members for reappointment, the Supervisory Board will take into account their tenure in the Board of Directors of the former Delhaize Group, prior to their appointment to the Supervisory Board.

2 Effective January 1, 2015.

3 Effective July 24, 2016.

Supervisory Board report

continued

Meetings of the Supervisory Board

During 2018, the Supervisory Board met on 10 occasions, of which six meetings were held in person in Europe and the United States and four meetings by means of a conference call. The Management Board attended these meetings and the other members of the Executive Committee, as well as other senior management, were regularly invited to be present.

The Supervisory Board also held several private meetings without other attendees to independently review certain issues and to discuss matters related to the functioning of the Management Board, Executive Committee and Supervisory Board itself. The external independent auditor attended the meeting of February 27, 2018, at which the 2017 Annual Report and financial statements were recommended for adoption by the annual General Meeting of Shareholders. The external independent auditor also attended the quarterly meetings, at which the financial results were discussed.

During its meetings throughout the year, the Supervisory Board reviewed reports from its various committees and regularly assessed the organizational strategy, talent management and succession planning. In addition, the Board members have regular contact with associates in various levels of management and, on two occasions, made informal visits to individual brands. These informal consultations ensure that the Supervisory Board remains well-informed about the Company's day-to-day operations.

- **January 2018:** The Supervisory Board held a conference call to discuss and approve Ahold Delhaize's Q4 / full year 2017 trading statement and the upcoming date of expiration of the option agreement with Stichting Continuïteit Ahold Delhaize.
- **February 2018:** During a two-day meeting, the Supervisory Board discussed and approved Ahold Delhaize's Q4 / full year 2017 results, as well as the Annual Report 2017. In addition, the Supervisory Board approved the dividend proposal. During the same meeting, the agenda and explanatory notes for the April 2018 annual General Meeting of Shareholders were established. On the recommendation of the Remuneration Committee, the Supervisory Board resolved to approve the 2017 Executive Committee Incentive Plan Payout, in addition to the approval of the salary review and salary adjustment of the Executive Committee members. In addition, the Supervisory Board received an update on the following key strategic topics: (i) the repositioning of the Stop & Shop brand, (ii) the Ahold Delhaize USA eCommerce strategy, and (iii) the Delhaize Belgium strategy. Lastly, the Supervisory Board was updated on Ahold Delhaize's enterprise risk management system, IT performance systems, post-investment reviews and significant legal proceedings with potential impact on the Company.
- **April 2018:** As a follow up to earlier deliberations, the Supervisory Board held a conference call to discuss and approve the recommendation of the Governance and Nomination Committee with respect to the appointment of Frans Muller as President and Chief Executive Officer in relation to the retirement of Dick Boer, as well as the changes in the Supervisory Board itself, including the appointment of Jan Hommen as the new Chairman. During another meeting, the Supervisory Board received updates on the strategic plans for Delhaize Belgium, Ahold Delhaize USA eCommerce (including an update on the purpose of Peapod Digital Labs) and Stop & Shop. The Supervisory Board also received an IT update, as well as a separate update on product integrity, and approved the 2018 DJSI targets.
- **May 2018:** During a conference call, the Supervisory Board discussed the extension of the option agreement with Stichting Continuïteit Ahold Delhaize and approved its extension as well as two additional commitments to incorporate feedback from shareholders. In addition, the Supervisory Board discussed reports from the external independent auditor and internal auditor as well as the internal control report and the governance, risk and control report, including an update on the GDPR-readiness of the Company. The Board also discussed and approved the Q1 2018 Interim Report. In addition, the Supervisory Board discussed an update on the new IFRS accounting standard for leases and received an update on cyber security.
- **June 2018:** During a meeting, the Supervisory Board received an update on trends in the U.S. retail landscape. The Board also discussed an update on eCommerce in both the U.S. and Europe and approved the investment to expand bol.com's fulfillment center. The Board discussed the latest developments with respect to the Stop & Shop strategy, including the business case for the launch of a new and improved in-store experience in 21 stores in Hartford, Connecticut. The Supervisory Board discussed an update on the process leading to a refresh of the Ahold Delhaize strategy, to be presented in November. Lastly, the Supervisory Board received a review on post investments, including store expansions, relocations and remodels.
- **August 2018:** The Q2 2018 interim results were presented and subsequently approved by the Supervisory Board. The Board discussed the external and internal audit reports and the overall broadening and strengthening of the control environment.
- **September 2018:** The Supervisory Board held a meeting in which the Board reviewed the opportunities for a refresh of the Company's strategy. They participated in a structured dialogue on the key trends recognized in the retail marketplace and which of these trends would provide opportunities for the Company to accelerate growth. The Supervisory Board received an update on the operating model of the Ahold Delhaize USA organization and was informed about plans for the Ahold Delhaize Europe organization.

Supervisory Board report

continued

- November 2018:** During a two-day meeting, the Supervisory Board approved the Q3 2018 interim results, together with the Company's long-term business and finance plans, and annual budget plan for 2019. In addition, the Supervisory Board discussed reports from the external independent auditor and internal auditor as well as the internal control report and the governance, risk and control report. Lastly, the presentations for the upcoming Capital Markets Day event were discussed.
- Throughout the year 2018, the Supervisory Board visited multiple stores in Europe and the United States.

Attendance

Except for a limited number of occasions, and for valid reasons, all Supervisory Board members attended all Supervisory Board meetings in 2018. In all cases, the Supervisory Board members who were not able to attend made sure they were represented. All Supervisory Board members made adequate time available to give sufficient attention to matters concerning Ahold Delhaize.

	Supervisory Board		Audit, Finance & Risk Committee		Governance & Nomination Committee		Remuneration Committee		Sustainability & Innovation Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Board attendance										
Jan Hommen	10	10	4	4 ¹	4	4			2	2
Bill McEwan	10	10					5	5	2	2
Jacques de Vaucleroy	10	10	4	4	3	3			1	1
René Hooft Graafland	10	10	4	4					1	1
Rob van den Bergh	10	10					5	5	2	2
Mary Anne Citrino	10	7	4	3					1	1
Dominique Leroy	10	8			1	1			2	1
Ben Noteboom	10	10			3	3	5	5	1	1
Mark McGrath	10	9			4	4	2	2	1	1
Mats Jansson	4	1			2	2				
Johnny Thijs	4	2					2	2		
Patrick de Maeseneire	4	3	1	0						

¹ Attendance in his capacity as Chairman of the Supervisory Board.

Independence

The Supervisory Board confirms that during 2018 as well as on February 26, 2019, all Supervisory Board members were independent within the meaning of provision 2.1.10 of the Dutch Corporate Governance Code.

Remuneration

The annual remuneration of the members of the Supervisory Board was determined by the extraordinary General Meeting of Shareholders on March 14, 2016. Remuneration is subject to annual review by the Supervisory Board.

Chairman Supervisory Board	€220,000
Vice Chairman (and member of the presidium)	€180,000
Vice Chairman	€125,000
Member Supervisory Board	€90,000
Chairman Audit, Finance and Risk Committee	€30,000
Member Audit, Finance and Risk Committee	€15,000
Chairman Other Committee	€20,000
Member Other Committee	€12,500
Travel compensation intercontinental per round trip	€7,500
Travel compensation continental per round trip	€2,500

In the execution of the remuneration of the Supervisory Board members, the Company has given consideration to the changes made in 2018 in the composition and the responsibilities of the Supervisory Board and its related committees.

Supervisory Board report

continued

Committees of the Supervisory Board

The Supervisory Board has four committees to which certain tasks are assigned. The committees have advisory powers and provide the Supervisory Board with regular updates on their meetings. The composition of the committees has changed over 2018 and is detailed in the following table.

	Audit, Finance and Risk Committee	Governance and Nomination Committee	Remuneration Committee	Sustainability and Innovation Committee
Jan Hommen (Chairman)		Chairman		Member
Bill McEwan (Vice Chairman)			Chairman	Member
Jacques de Vaucleroy (Vice Chairman)	Member			Member
René Hooft Graafland	Chairman			Member
Rob van den Bergh			Member	Chairman
Mary Anne Citrino	Member			Member
Dominique Leroy		Member		Member
Mark McGrath		Member		Member
Ben Noteboom			Member	Member

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee assists the Supervisory Board in its responsibility to oversee Ahold Delhaize's financing, financial statements, financial reporting process and system of internal business controls and risk management. The Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, Senior Vice President Internal Audit, Senior Vice President Accounting, Reporting, Risk & Controls and representatives of the external independent auditor are invited to, and attend, the Audit, Finance and Risk Committee meetings.

The Audit, Finance and Risk Committee determines how the external independent auditor should be involved in the content and publication of financial reports other than the financial statements. The Management Board and the Audit, Finance and Risk Committee report to the Supervisory Board annually on their cooperation with the external independent auditor, including the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the appointment of an external independent auditor that is submitted to the General Meeting of Shareholders.

In 2018, the Audit, Finance and Risk Committee held two meetings in person, and two meetings via conference calls. The attendance rate of the Board members of this Committee was 87%. Throughout the year, the Audit, Finance and Risk Committee closely monitored the financial closing process and reviewed the publication of quarterly results. Updates on internal controls were provided during all Committee meetings. The Audit, Finance and Risk Committee was informed regularly on compliance and reviewed and received regular updates on the Company's whistleblower programs.

The Audit, Finance and Risk Committee also discussed items including:

- Quarterly interim reports
- Ahold Delhaize's 2017 Annual Report including the financial statements
- Review and approval of the internal audit plan
- Lease accounting IFRS 16
- Management report on internal controls over financial reporting
- The findings in the internal audit letters and the external independent auditor's findings in relation to the internal controls over financial reporting
- 2017 audit findings financial statements
- The Company's finance structure
- Treasury
- Taxation, including the accounting for tax reforms
- Guarantees
- Self-insurance programs
- Recognition of vendor allowances
- Impairment testing of goodwill
- Employee benefits (including pensions and multi-employer pension plans) measurement and disclosure
- Appointment of the external independent auditor
- Ahold Delhaize Code of Ethics
- Compliance, fraud and safety matters
- Global Data Protection Regulation

Supervisory Board report

continued

The Audit, Finance and Risk Committee and the Chairman of the Audit, Finance and Risk Committee also held private meetings together with the Chief Financial Officer, Senior Vice President Internal Audit and external independent auditor.

The Supervisory Board has determined that René Hooft Graafland, Mary Ann Citrino and Jacques de Vaucleroy are “Audit Committee Financial Experts” within the meaning of the Dutch Corporate Governance Code, provision 2.1.4.

Governance and Nomination Committee

In 2018, the Governance and Nomination Committee held three meetings in person and one via conference call, all of which the Chief Executive Officer was invited to attend.

The attendance rate of the Board members of this Committee was 100%. The Committee's main area of focus was moving the Company into the next phase of its governance, including the transition in leadership of the Company, the transition of the Chairman's position and the downsizing of the Supervisory Board.

The Committee also discussed the changes in the retail industry and business models requiring new types of leadership and skills in our Boards and management layers. In reviewing the composition of the Supervisory Board, the Committee concluded that additional knowledge of retail, eCommerce and digitalization are welcome. Two new board members with knowledge and experience in these areas are being proposed by the Supervisory Board for approval by shareholders at this year's annual General Meeting.

In addition, the Committee carefully deliberated on the extension of the option agreement with Stichting Continuïteit Ahold Delhaize, taking into account the interest of all stakeholders. The Committee was also involved in key organizational and management changes, as well as other governance matters.

Remuneration Committee

In 2018, the Remuneration Committee held four meetings in person and one via conference call, all of which the Chief Executive Officer was invited to attend. The attendance rate of the Board members of this Committee was 100%. During the meetings, the Committee discussed Frans Muller's new compensation package and Dick Boer's retirement package. The Committee prepared a proposal for the Supervisory Board for an adjustment of the remuneration policy for the Management Board, to be adopted by the General Meeting of Shareholders in 2019. In addition, the Remuneration Committee prepared proposals for the individual remuneration of members of the Management Board.

See *Remuneration* for more information on our remuneration policy, which aims to help us attract, motivate and retain the best-qualified workforce, in a cost-effective way.

Sustainability and Innovation Committee

During the course of 2018, the Sustainability and Innovation Committee held two meetings in person, both of which the Chief Executive Officer was invited to attend. Since June 2018, the Sustainability and Innovation Committee has comprised all members of the Supervisory Board, given the importance of embedding sustainability and technology in all activities of the Company. The attendance rate of the Board members of this Committee was 92%. The Committee's main areas of focus were Ahold Delhaize's Sustainable Retailing and eCommerce strategies. In addition, technology, robotics, digitalization and personalization data analytics were addressed in the meetings.

Conclusion

The Supervisory Board is of the opinion that during the year 2018, its composition, mix and depth of available expertise; working processes; level and frequency of engagement across all prominent Company activities; and access to all necessary and relevant information and the Company's management and staff were satisfactory and enabled it to carry out its duties towards all the Company's stakeholders.

The Supervisory Board would like to thank Mats Jansson, Johnny Thijs and Patrick de Maeseneire for their many contributions to the Supervisory Board and to the Company.

The Supervisory Board would also like to thank Ahold Delhaize's shareholders for their continued support and trust in the Company and its management team. Finally, the Board would like to express its gratitude for the continued hard work and commitment of the Management Board and all associates during 2018.

Supervisory Board
Zaandam, the Netherlands
February 26, 2019

Remuneration

Bill McEwan
Chairman of the
Remuneration
Committee of the
Supervisory Board



Dear shareholder,

I am pleased to present our 2018 Remuneration report. As one of the world's leading food retail groups, Ahold Delhaize and its brands employ over 372,000 associates in nine countries. In determining the employment conditions of their associates, our brands set compensation and benefits levels in line with job level and local market practices and regularly review remuneration practices, taking into account market dynamics and economic conditions.

Our remuneration policy was prepared in accordance with the Dutch Corporate Governance Code and adopted by the General Meeting of Shareholders. The remuneration policy is based on our commitment to the key principle of fair and equitable treatment of all associates and aligned to support our strategy and long-term growth. During the past year, the Management Board's remuneration was implemented in accordance with our Remuneration Policy.

As discussed elsewhere in this Annual Report, following the successful finalization of our merger and integration, we took the opportunity to revisit and refresh our strategy. On November 13, 2018, we introduced our Leading Together strategy at an Ahold Delhaize Capital Markets Day.

On the basis of this, the Remuneration Committee reviewed our Remuneration Policy to ensure that it was still aligned to support the strategy and long-term growth of the Company, the needs of all internal and external stakeholders, and our commitment to making a sustainable contribution to society. The Remuneration Committee also conducted interviews with each of the Management Board members on Management Board remuneration and its link to our strategy.

Following this thorough review, the Supervisory Board proposes that the Company's Remuneration Policy be amended, effective 2019, in connection with the developments in our markets and the introduction of the Leading Together strategy. We believe that the proposed amended Remuneration Policy reflects even stronger alignment with the interests of all our stakeholders.

By introducing key annual strategic imperatives to our short-term incentive plan and an earnings per share growth measure to our long-term incentive plan, our Remuneration Policy will be more closely tied to performance on our new strategy. The Policy will be brought forward for shareholder approval at the annual General Meeting of Shareholders on April 10, 2019, and is outlined in more detail in the shareholder circular.

For the majority of associates, remuneration is based on collective bargaining agreements structured primarily as fixed annual salaries or hourly wages. In addition, store managers and general management associates are eligible to receive an annual performance-based bonus. Associates in senior management positions are eligible for performance-based annual bonuses as well as Ahold Delhaize performance share grants that are linked to the long-term goals of the Company.

The Supervisory Board's Remuneration Committee closely monitors developments in the global, regional and local labor markets and takes these into account when making recommendations on the Management Board compensation to the Supervisory Board for consideration and approval.

Remuneration

continued

The following table shows the pay ratio of the Chief Executive Officer, Chief Financial Officer, Chief Executive Officer Ahold Delhaize USA and Chief Executive Officer Ahold Delhaize Europe and Indonesia compared to the average remuneration of all Ahold Delhaize associates.

Pay ratio	2018	2017	2016
CEO ¹	124	114	119
CFO	71	71	71
CEO Ahold Delhaize USA ²	90	74	–
CEO Ahold Delhaize Europe and Indonesia ³	–	–	–

- For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.
- Since the CEO Ahold Delhaize USA joined the Company on July 24, 2016, full year numbers for 2016 are not available.
- Since the CEO Ahold Delhaize Europe and Indonesia was appointed on April 11, 2018, full year numbers for 2016, 2017 and 2018 are not available.

We have calculated the pay ratio between the total remuneration of the respective Management Board members and the average remuneration of all associates across the group over 2016, 2017 and 2018 to convey the year-over-year changes. The average remuneration of all associates is calculated as the total labor costs (see *Note 8* to the consolidated financial statements) divided by the number of associates on an FTE basis (see *Five-year overview*). The average remuneration of all associates amounted to €40,225 for 2017 and €40,074 for 2018. The total compensation of the CEO, CFO, CEO Ahold Delhaize USA and CEO Ahold Delhaize Europe and Indonesia can be found in *Note 31* to the consolidated financial statements.

As set forth in the Remuneration Policy, the total compensation of our Management Board members is positioned around the median level of the peer group we've selected for benchmarking (see page 72). The following table illustrates the pay ratio of our CEO compared to the pay ratios of other CEOs in the peer group.

It is important to note that pay ratios across industries are impacted by the different mix of functions from one industry to another. Even within the same industry, comparing pay ratios is challenging due to different market conditions (a mix of high- and low-paying countries).

Therefore, to put Ahold Delhaize's pay ratios into perspective, the graph illustrates Ahold Delhaize's position compared to its peers in the European and U.S. markets as well as the AEX companies in the peer group. The ratios mentioned in the table and the graph are derived from the publicly disclosed 2017 annual reports of the respective companies. For comparison purposes, the ratios have been calculated using the same methodology as used for Ahold Delhaize's pay ratio.

Pay ratio Ahold Delhaize CEO compared to pay ratios of other CEOs in the peer group (2017 figures)

Ahold Delhaize	Average AEX peers	Average European peers	Average U.S. peers	Average full peer group
114	127	191	295	204
	89.8%	59.7%	38.6%	55.9%

The graph illustrates Ahold Delhaize's position versus the labor market peer group as defined in the Remuneration Policy.



The Supervisory Board will continue to monitor the development of pay ratios both within the Company and in comparison with the peer group.

I look forward to presenting our proposed remuneration policy as well as this Remuneration report for discussion with all our shareholders at our upcoming annual General Meeting of Shareholders on April 10, 2019.

Bill McEwan

Remuneration

continued

Ahold Delhaize's remuneration policy was prepared in accordance with the Dutch Corporate Governance Code. It was adopted at the General Meeting of Shareholders on April 19, 2016. The remuneration policy became effective on July 24, 2016, the first calendar day after the merger of Ahold and Delhaize was finalized. An individual exception to the remuneration policy was adopted at the General Meeting of Shareholders on April 12, 2017.

Remuneration policy

Remuneration philosophy

Ahold Delhaize's remuneration policy is aligned with the Company's strategy and supports a strong performance culture. Our remuneration policy aims at attracting, motivating and retaining the best-qualified talent.

Management Board remuneration policy

The Supervisory Board designed the Management Board's remuneration policy to align with the Company's strategy and to support our pay-for-performance culture, while aiming to be effective, transparent and simple. While developing the remuneration policy, we conducted scenario analyses to determine the risks to which variable remuneration may expose the Company.

The basic elements of the Total Direct Compensation provided to Management Board members are (1) a base salary, (2) an annual cash incentive and (3) a long-term equity-based program. In addition to the Total Direct Compensation, members of the Management Board are offered pensions and additional arrangements in accordance with local practices.

In line with our overall remuneration philosophy, the Management Board's Total Direct Compensation is structured and more heavily weighted on variable annual and long-term incentives tied to the realization of financial and business performance criteria. These performance criteria are a cornerstone of the Company's strategy.

The annual cash incentive is focused on the key financial metrics of a retail organization: sales growth, underlying operating margin and operating cash flow. Our goal is to expand market share, while at the same time focusing on margins to increase profitability and managing capital spending and expenses prudently to secure strong and sustainable cash flow.

The long-term incentive is measured against (i) our internal measure on Return on Capital (RoC), (ii) our external measure of the Company's share performance relative to that of its peers: Total Shareholder Return (TSR) and (iii) the Company's contribution to society through sustainability objectives. Performance for our long-term incentives is measured over a revolving three-year period.

The structure of our remuneration policy aligns the focus of the Management Board with the interests of the Company's shareholders, our local communities and society at large. Compensation and awards are tied to and dependent on the delivery of our strategy in a responsible and sustainable way.

Market competitive pay

The competitiveness of the Management Board remuneration is benchmarked annually against a labor market peer group that reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. Since Ahold Delhaize is a Dutch-headquartered company, the AEX market practice in the Netherlands is included. The peer group consists of 18 companies, including peer companies in Europe and the United States as well as AEX-listed companies.

European peers	U.S. peers	AEX
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard	Walgreen	Randstad
Perrachon	Boots	Alliance
J Sainsbury	Best Buy	Akzo Nobel
W M Morrison	Lowe's	Relx
	Companies	

In anticipation of potential changes to the labor market peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to substitute comparable companies. In general, geographical composition leads in the determination of a replacement company: for example, if a U.S.-based company drops out, it is replaced by another U.S.-based company.

Remuneration

continued

The composition (risk profile) of the Total Direct Compensation levels is also taken into account when benchmarking base salary levels. The target Total Direct Compensation level is typically around the median, with base salary levels slightly below the median and long-term incentives at the higher end of the market to support the pay-for-performance culture and long-term focus.

An individual exception to the remuneration policy of the Management Board applies for the CEO Ahold Delhaize USA (Kevin Holt). The Supervisory Board determines the remuneration for the CEO Ahold Delhaize USA on the basis of a local reference market, the U.S. retail labor market reference group.

Base salary

The level of the Management Board members' base salary is derived from the benchmarking of Total Direct Compensation. Adjustment of the base salary is at the discretion of the Supervisory Board.

Annual cash incentive plan:

Executive Committee Incentive Plan

The Management Board members participate in the Executive Committee Incentive Plan (EIP). The EIP is an annual cash incentive plan that employs three equally weighted financial measures: sales growth (30%), underlying operating margin (30%) and operating cash flow (30%), as well as personal objectives (10%). The at-target payout as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 150% of the base salary in the event of above-target performance.

Long-term equity-based program: Global Reward Opportunity

The Management Board members participate in the Company's long-term incentive program: Global Reward Opportunity (GRO). Under the GRO program, shares are granted through a three-year program. The vesting of these performance shares is subject to performance over a three-year period. The GRO program employs two financial measures: RoC (40%) and TSR (40%). In addition, a non-financial performance measure (20%) related to Sustainable Retailing targets is included.

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

The total GRO award is comprised of three portions of shares, linked to RoC, TSR and sustainability targets, respectively.

Linked to RoC

Of the total GRO award, the first 40% is linked to a three-year RoC target. Dependent on performance, the number of shares that eventually vest may range between zero and a maximum of 150% of the number of shares granted.

Linked to TSR

Another 40% of the total GRO award is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of a peer group. The number of shares that vest depends on the Company's relative ranking in the peer group. An independent external adviser determines the ranking based on TSR performance. No shares will vest to Management Board members if the Company ranks below the seventh position in the performance peer group. The table below indicates the percentage of performance shares that vests based on the Company's ranking.

Company ranking	Shares that will vest as % of originally granted amount
Ranking 1	175%
Ranking 2	150%
Ranking 3	125%
Ranking 4	110%
Ranking 5	100%
Ranking 6	80%
Ranking 7	50%
Ranking 8-14	0%

TSR performance peer group

Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard	Walgreen Boots Alliance
Perrachon	
J Sainsbury	Best Buy
W M Morrison	Lowe's Companies
	Walmart

In anticipation of potential changes to the performance peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to include substitute comparable companies.

Remuneration

continued

Linked to Sustainable Retailing

For the remaining 20% of the total GRO award, the performance at vesting is measured against Sustainable Retailing targets. This measure relates to the Company's Sustainable Retailing strategic ambitions. The targets set under this non-financial performance measure are both qualitative and quantitative. Dependent on performance, the number of shares that are able to vest may range between zero and a maximum of 150% of the number of shares granted.

Shareholding requirements and ownership guidelines

Management Board members must retain the shares awarded under the GRO program for a period of at least five years from the grant date. The sale of a portion of the shares is permissible to finance taxes due at the date of vesting. All members of the Management Board are required to hold shares in the Company with a value equal to at least 150% of their base salary. The holding may accumulate by retaining all after-tax shares from the GRO program and does not require personal share purchases.

Claw-back

A claw-back provision is applicable to the Management Board members' annual cash incentive plan (EIP) as well as the long-term equity incentive program (GRO).

Pensions and other contract terms Pension

All existing pension arrangements in the Netherlands have been brought in line with the applicable fiscal pension regulations. The pension plan for Management Board members is calculated similarly to that of all other associates of the Company in the Netherlands and is referred to as a defined benefit plan, based on career average salary. The retirement age (in 2018) is 68. The pensionable salary is capped at around €100,000 (2018: €100,546). Each Management Board member working on a Dutch contract pays a pension premium contribution identical to that of all other Company associates in the Netherlands.

In addition, Management Board members receive a gross (age-dependent) pension allowance and can choose to participate in a Net Pension Arrangement by investing the net (after tax) amount. The Net Pension Arrangement is identical to that of all other associates of the Company in the Netherlands whose pensionable salary exceeds the cap. Participation in this Net Pension Arrangement is voluntarily.

Members of the Management Board working on a non-Dutch contract are offered pension plans in line with local practices.

Loans

Ahold Delhaize does not provide loans or advances to members of the Management Board. Nor does the Company issue guarantees to the benefit of members of the Management Board.

Additional arrangements

In addition to the Management Board members' remuneration, a number of additional arrangements apply. These include expense and relocation allowances, medical and accident insurance, use of company cars and, if applicable, expatriate allowances, which apply to other senior associates and are in line with local market practice. In addition, third-party tax services will be provided to ensure compliance with the relevant legislative requirements.

(Service) Agreements

The term of appointment for all Management Board members is four years. If the Company terminates the (service) agreement of any member of the Management Board, the severance payment is limited to one year's base salary. The agreement may be terminated by the Company with a notice period of 12 months and by the Management Board member with a notice period of six months.

Future outlook

We will propose to the General Meeting of Shareholders that the Company's remuneration policy be amended in connection with the developments in the market and the introduction of the Leading Together strategy presented at the Company's 2018 Capital Markets day. The proposed remuneration policy is outlined in the shareholder circular.

Remuneration

continued

2018 Management Board Remuneration

The Management Board remuneration for 2018 is in accordance with the Management Board remuneration policy. This policy was adopted at the General Meeting of Shareholders on April 19, 2016, and an individual exception was adopted at the General Meeting of Shareholders on April 12, 2017.

2018 Base salary

The base salaries of members of the Management Board were adjusted effective January 2018, and for the newly appointed CEO effective July 1, 2018, at the time of his appointment as CEO.

Base salary thousands



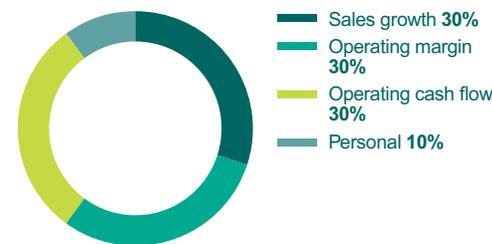
- For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.
- For the member appointed to the Management Board in 2016, the 2016 base salary reflects a partial year.
- The CEO Ahold Delhaize USA's salary has been converted from U.S. dollars into euros, for 2018 using the 2018 year-to-date average \$ / € exchange rate of 0.8476, for 2017 using the 2017 year-to-date average \$ / € exchange rate of 0.8868 and for 2016 using the 2016 year-to-date average \$ / € exchange rate of 0.9125.
- For the member appointed to the Management Board in 2018, the 2018 base salary reflects a partial year.

2018 Annual cash incentive plan: EIP

The EIP uses three equally weighted financial measures: sales growth (30%), underlying operating margin (30%) and operating cash flow (30%). In addition, personal objectives (10%) are included.

Ahold Delhaize does not disclose the actual targets per performance measure, as this is considered to be commercially sensitive information.

2018 EIP Performance measures



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

Actual EIP thousands



- Actual EIP 2018^{4,5}
- Actual EIP 2017
- Actual EIP 2016

- For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.
- For the member appointed to the Management Board in 2016, the 2016 EIP reflects a partial year.
- For the member appointed to the Management Board in 2018, the 2018 EIP reflects a partial year.
- The overall 2018 financial performance multiplier was 111%. The individual EIP amounts also include the component linked to individual performance.
- 2018 EIP represents accrued annual cash incentives to be paid in 2019 and subject to shareholder approval of the financial statements.
- The EIP of the CEO Ahold Delhaize USA has been converted from U.S. dollars into euros, for 2018 using the 2018 year-to-date average \$ / € exchange rate of 0.8476, for 2017 using the 2017 year-to-date average \$ / € exchange rate of 0.8868 and for 2016 using the 2016 year-to-date average \$ / € exchange rate of 0.9125.

Remuneration

continued

2018 Long-term equity-based program: GRO

The Management Board members participate in Ahold Delhaize's long-term equity-based incentive program, GRO. The 2018 GRO award was made the day after the 2018 annual General Meeting of Shareholders.

As mentioned, the vesting of the GRO performance shares is subject to performance over a period of three years and the program employs two financial measures: RoC (40%) and TSR (40%). In addition, a non-financial performance measure (20%) is included that relates to Sustainable Retailing targets.

Sustainable retailing performance is measured for this purpose on the basis of both an external and an internal target. The Dow Jones Sustainability Index (the external target) measures how the Company performs on sustainability against peers in the sector. The percentage of healthy own-brand food sales as a proportion of total own-brand food sales (the internal target) is the measure we use to drive performance in pursuit of our company objective to facilitate healthier eating.

2018 GRO grant

To calculate the number of shares to be granted, the at-target value of the award is divided by the six-month average share price preceding the annual award date, calculated over the fourth quarter of 2017 and the first quarter of 2018. Scenario analyses are prepared regularly to estimate the possible future payout levels.

At-target grant and maximum vesting performance shares

	Performance shares			Total at-target grant	Total maximum vesting
	RoC (40%)	TSR (40%)	Sustainability (20%)		
CEO	94%	94%	47%	235%	376%
CFO	70%	70%	35%	175%	280%
CEO Ahold Delhaize USA	80%	80%	40%	200%	320%
CEO Ahold Delhaize Europe and Indonesia	60%	60%	30%	150%	240%

All percentages constitute a percentage of base salary.

2018 GRO share grant calculation – Example CEO

	At-target share grant (% of base salary) up to July 1, 2018	At-target share grant (% of base salary) from July 1, 2018	Award value (base salary ¹ at-target grant %)	Number of shares granted (award value divided by six-month average share price)
RoC performance shares	80%	94%	906,664	51,408
TSR performance shares	80%	94%	906,664	51,408
Sustainability performance shares	40%	47%	453,332	25,704
	200%	235%	2,266,660	128,520

¹ For 2018, CEO refers to Frans Muller. In order to reflect the full year grant, the 2018 base salary and GRO at-target grant comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO, and from July 1, 2018, received in his capacity as CEO. Table assumes a base salary of €1,027,472 and an at-target share grant percentage of 200% for the period up to July 1, 2018, and a base salary of €1,053,159 and an at-target share grant percentage of 235% for the period from July 1, 2018. The six-month average share price applied is €17.64.

2018 GRO share grant calculation – Example CFO

	At-target share grant (% of base salary)	Award value (base salary ¹ at-target grant %)	Number of shares granted (award value divided by six-month average share price)
RoC performance shares	70%	522,829	29,644
TSR performance shares	70%	522,829	29,644
Sustainability performance shares	35%	261,415	14,822
	175%	1,307,073	74,110

¹ Table assumes a base salary of €746,899 and six-month average share price of €17.64.

How we manage risk

In order to successfully execute our Leading Together strategy, we must be agile and entrepreneurial so that we can respond quickly and effectively to rapid changes in the retail landscape and take advantage of business opportunities whenever and wherever they exist.

Meeting these challenges requires us to take risks in a responsible way. Having a proactive approach to risk management that is embedded in our business processes benefits our decision-making and helps us create and preserve value.

We strive for a culture of transparency in which risks are identified and addressed proactively. Risk management is an integral part of responsible leadership.

Governance, Risk Management and Compliance

At Ahold Delhaize, we operate a Governance, Risk Management and Compliance (GRC) Framework that allows us to effectively identify, assess and manage our risks. This GRC Framework consists of global policies and controls as well as a GRC Committee structure that functions as a forum for addressing relevant risks across the functional areas of our Company.

Governance, Risk Management & Compliance Framework



The global GRC committee is comprised of Ahold Delhaize's Chief Legal Officer (Chairman), the Chief Executive Officer and the Chief Financial Officer, along with other members of local and global management responsible for our governance, risk management, accounting and reporting, compliance and assurance functions. This committee is responsible for the implementation and monitoring of the Company's governance, risk management and compliance processes.

In addition, the GRC committee engages with senior management and advises the Management Board and Executive Committee regarding strategic, operational, financial and compliance related matters. A similar GRC structure and committee exists within each of the brands, which operates in parallel to the global GRC process.

During 2018, the GRC Committee met on a quarterly basis, and completed an update of our global policies. We also implemented an annual review process for all global policies and related controls to ensure that they remain current and are able to effectively mitigate risks, to support meaningful compliance and the successful execution of our strategy.

Risk management and internal control

Enterprise risk management

Ahold Delhaize's enterprise risk management (ERM) program is designed to provide executive management with an understanding of the Company's key strategic and business risks and associated risk management practices. Within each business, management identifies the principal risks to the achievement of business objectives and the actions needed to mitigate these risks. Senior brand and global executives review these risks and the related mitigation practices twice per year, incorporating them into the development of the Company's strategy and the regular Business Planning and Performance process.

Their observations are aggregated into an ERM report that is presented to the Management Board and Supervisory Board, as required by the Dutch Corporate Governance Code. Ahold Delhaize's ERM program drives the formation of policies, procedures and controls, the scope of internal audit activities, and the business planning and performance process.

How we manage risk

continued

Risk appetite

Our risk appetite is defined by our Supervisory Board and Management Board and is integrated into the businesses through our strategy, global policies, procedures, controls and budgets. Our appetite for each risk is determined by considering key opportunities and potential threats to achieving our strategic objectives and can be categorized as follows:

Strategic

We use fact-based analysis that derives insights from our different markets and brands to support our strategic decision-making process in a way that considers the financial, economic, social and political developments that may impact our ability to achieve our strategic objectives. Generally, the Company's strategic risk appetite is between average and above average.

Operational

Operational risks include unforeseen incidents that could result from failures in internal processes or systems, human error or adverse external events and could negatively impact the day-to-day operation of our business. Our risk appetite related to the disruption of our day-to-day business is generally low, as we seek to minimize the downside impact of operational failures.

Financial

Ahold Delhaize has a prudent financial strategy focused on maintaining our solid investment-grade credit rating. We are averse to any risks that could jeopardize the integrity of our financial reporting. Our financial risk management, risk appetite and sensitivities are further detailed in *Note 30* of the consolidated financial statements.

Compliance

At Ahold Delhaize, an essential part of our strategic framework is behaving according to our values. One of our values is "integrity," which means that the Company and all its associates do the right thing to earn customers' trust. We strive for full compliance with laws and regulations and with our policies and procedures everywhere we do business. Consequently, our risk appetite for non-compliance is very low.

Sensitivity analysis

At Ahold Delhaize, we follow closely the impact of different internal and external risk factors on our operations. The purpose of our sensitivity analysis is to assess these risks on the Company's current strategy to determine their impact on our business and the viability of our business model, as well as our ability to meet our financial liabilities and other obligations. Our strategy is based on assumptions relating to: the global economic climate, changes in consumer behaviors, competitor actions, market dynamics and our current and planned structure, among other factors.

Scenario	Associated principal risks	Description
Competitive pressure	<ul style="list-style-type: none"> Competitive environment 	<p>A sustained failure to effectively design and execute our strategic promises could lead to an inability to adapt to new market dynamics driven by consumer behaviors and competition, and result in a loss of market share to new market entrants or new shopping channels.</p> <p>These factors may have a material adverse effect on the Company's financial position, results of operations and liquidity.</p>
Information security, and / or data breach and business disruption	<ul style="list-style-type: none"> Business continuity Information security and data privacy 	<p>In the event of a successful data breach, the Company could be subject to material monetary penalties, loss of customers and damage to our corporate reputation; it could also lead to potential litigation.</p> <p>A serious breach could also impact the operation of significant business processes and result in non-availability of products for customers and the inability to operate our day-to-day business at the stores, distribution centers and at brand level.</p>

The two extreme scenarios above are considered severe but possible. None of these scenarios individually threaten the viability of the Company, however, the compound impact of these scenarios has been evaluated as the most severe stress scenario.

The scenarios above are hypothetical and purposefully severe for the purpose of illustrating outcomes that could have the ability to threaten the viability of the Company.

In the case of these scenarios arising, mitigation plans at global and brand level have been defined, and if applicable, various options are available to the Company to maintain liquidity and support ongoing operations. These options include: accessing new external funding early, more radical short-term cost-reduction actions and adjustments to capital allocation.

How we manage risk

continued

Compliance and ethics

At Ahold Delhaize, our shared values support an ethical culture and are the foundation of our commitment to conduct our business by doing what's right, every day. Our Code of Ethics is based on four ethical principles:

- We respect each other: People are our most valuable assets. We are committed to provide a safe, secure and inclusive environment where all associates and customers are respected and appreciated.
- We follow the law: We comply with applicable laws and regulations everywhere we do business and do not tolerate violations of the law.
- We act ethically in all our relationships and avoid conflicts of interest.
- We have the courage to speak up when misconduct or ethical violations are observed, or when there are questions regarding the interpretation or application of our Code or other external laws and regulations and internal policies and standards.

Applying our values and ethical principles enables associates to make good choices and protect our relationships with our colleagues, our customers, and our communities. The Code of Ethics is intended to help each associate understand and follow relevant compliance and ethical principles, and to know when and where to ask for advice or report a compliance or ethics breach, which includes the use of whistleblower lines available to associates in each of our locations.

The principles in the Code apply to all associates of Ahold Delhaize and its businesses. Associates of certain defined grade levels are trained in compliance with the Code on an annual basis. The full Code is available in the corporate governance section of Ahold Delhaize's public website at www.aholddelhaize.com.

In addition to our Code of Ethics, we have global policies that address key risks to our business. Some of these policies relate to internal processes such as financial reporting, capital investments, purchasing and tax. Other policies relate to legal and regulatory risks, such as competition and antitrust, data privacy, and corruption and bribery.

In 2018, our brands' whistleblower lines received 7,280 reports. Approximately 40% of the reports were made anonymously. On average, reports were investigated and resolved within 20 days. In 2018, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations.

Corruption and bribery

Ahold Delhaize and its brands are committed to conducting business in an ethically responsible manner and complying with the law in all countries and jurisdictions in which we operate. This commitment specifically includes compliance with laws relating to anti-corruption and bribery. The Ahold Delhaize Code of Ethics and our Global Anti-Corruption and Bribery Policy prohibit any form of corruption or bribery, including facilitation payments.

Three lines of defense model



Control framework

The Ahold Delhaize control framework incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. A three lines of defense model (above) has been adopted to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

Monitoring and assurance

A key element of our GRC framework is monitoring and assurance. We use a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial (including sustainability indicators) targets.

In order to meet business needs and the requirements of the Dutch Corporate Governance Code, we have a Group-wide management certification process in place, which requires that the executive management team members at each of our reporting entities send letters of representation to the Financial Disclosure Committee on a quarterly basis. These letters confirm whether the reporting entities are in compliance with Ahold Delhaize's Code of Ethics, policies on fraud prevention and detection, accounting and internal control standards, and disclosure requirements.

All our businesses are required to maintain a sound internal control environment with robust policies, procedures and controls and a strong financial discipline, and to comply with our current internal controls framework so that we can continue to provide a high level of assurance to our senior leadership; Audit, Finance and Risk Committee; investors and external regulators.

How we manage risk

continued

During 2018, and at the direction of the global GRC Committee, the GSO Ethics and Compliance team and the Group Risk and Controls team completed a review of the key global policies that address the most relevant risks to our business, the related standards and the required control objectives, which are consistent across and applicable to all our brands and provide a robust level of assurance.

Both our Risk & Controls and Internal Audit functions help to ensure that we maintain and improve the integrity and effectiveness of our system of risk management and internal control. Internal Audit undertakes regular risk-based, objective and critical audits. These functions also monitor the effectiveness of corrective actions undertaken by management.

Declaration

Annual declaration on internal risk management and control systems

Ahold Delhaize supports the Dutch Corporate Governance Code and makes the following declaration in accordance with provision 1.4.3:

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve important business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This report provides sufficient insights into any significant deficiencies in the effectiveness of the internal risk management and control systems. Management is not aware of any critical failings of these systems during 2018.

This report includes those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

With respect to financial reporting based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and management has assessed whether the risk management and control systems provide reasonable assurance that the 2018 financial statements do not contain any material misstatements. This assessment was based on the criteria set out in COSO: Internal Control – Integrated Framework 2013 and our internal control framework. It included tests of the design and operating effectiveness of entity-level controls, transactional controls at significant locations and relevant general computer controls.

Any control weaknesses not fully remediated at year-end were evaluated. Based on this assessment, the Management Board determined that the Company's financial reporting systems are adequately designed, operated effectively in 2018 and provide reasonable assurance that the financial statements are free of material misstatement.

Principal risks and uncertainties

The principal risks and uncertainties included in the following table represent the most significant risks identified which may impede the achievement of Ahold Delhaize's objectives with respect to strategy, operations, financial and compliance matters. Our principal risks remain substantially unchanged from 2017, although developments within each risk have been identified and incorporated, with some risks being relabeled as compared to the prior year. Management is not aware of any significant materialization of these risks during 2018.

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

Additional risks and uncertainties

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

Sustainability risks

We apply the results of our annual sustainability materiality analysis (see *Our response to stakeholder needs*) within our annual ERM process to help us identify and incorporate sustainability risk drivers within our principal risks.

Materialization of these risks could prevent us from meeting our customers' changing needs and expectations for healthy and sustainable products that are sourced with care for people and the environment. The primary risk drivers identified relate to our material environmental, social and governance topics and include, for example, climate change, raw material scarcity and human rights protections in the supply chain. These risk drivers and any relevant mitigating actions have been included (as applicable) within the our principal risks and uncertainties section below.

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

Other financial risks

Other financial risks include foreign currency translation risk, credit risk, interest risk, liquidity risk, income tax-related risks, liabilities to third parties relating to lease guarantees, contingent liabilities and risk related to the legislative and regulatory environment, including litigation. For information relating to these financial risks, see *Notes 24, 30 and 34* to the consolidated financial statements.

How we manage risk

continued

Ahold Delhaize's principal risks and uncertainties¹

Risk	Key risk drivers	Mitigation
<p>Business continuity (O) Disruption of critical business processes, due to a long-term or permanent loss of key personnel, facilities, utilities, IT infrastructure or key suppliers, may result in non-availability of products for customers and have a significant adverse impact on commercial operations, revenues, reputation and customer perception.</p>	<ul style="list-style-type: none"> • Diverse IT landscape with dependence on legacy systems and various third-party service providers • Business and IT systems disruption due to events of an exceptional nature (e.g., cyber attacks, climate change-induced extreme weather events) • Dependence on logistics service providers and suppliers of strategic own-brand products and services 	<ul style="list-style-type: none"> • Global business continuity strategy, governance structure and framework • Insurance program • Regular training (including simulations) provided to senior management on crisis management and response to high-impact events • Network protection (firewall, intrusion, detection and prevention systems, and email filtering) • Cyber-defense monitoring • Monitoring of vendors and third-party service providers
<p>Competitive environment (S) Changes to the competitive landscape relating to non-traditional competition, rapid expansion of omnichannel product offerings, and innovation in the market without an appropriate and distinctive response by Ahold Delhaize could result in a loss of competitive advantage, decrease of sales, erosion of margins and an inability to deliver on strategic objectives or performance targets.</p>	<ul style="list-style-type: none"> • Aggressiveness of competing business models and entrance of non-traditional competition leading to drastic price reductions and rapid omnichannel expansion (e.g., discounters and same-day delivery of fresh, healthy products at affordable prices) • Non-traditional acquisitions, partnerships and strategic alliances with eCommerce, data analytics and robotics companies • Changing consumer trends relating to: healthy eating, product labeling and transparency of product origin, more online shopping, and consumption of prepared foods • Consolidation of U.S. pharmacy market 	<p>Annual reassessment and implementation our strategy. The Leading Together strategy is based on five growth drivers:</p> <ul style="list-style-type: none"> • Omnichannel growth • Technology • Healthy and sustainable • Portfolio and scale efficiencies • Best talent <p>For more details on our Leading Together strategy, see <i>Who we are</i>.</p>

¹ Risks are listed in alphabetical order and categorized by business objective: strategic (S), operational (O), financial (F) and compliance (C).

How we manage risk

continued

Ahold Delhaize's principal risks and uncertainties¹ (continued)

Risk	Key risk drivers	Mitigation
<p>Information security and data privacy (O)(C) A lack of security around, or non-compliance with, privacy requirements relating to the capture, usage, processing and retention of customer and associate data may lead to the exposure, misuse or misappropriation of data which could have a significant legal, financial, or reputational impact.</p>	<ul style="list-style-type: none"> • Global security threats • Growth of our online sales leading to increased availability of consumer data • Rapidly changing privacy regulations in our different markets • Utilization of third parties to process and store customer and associate data 	<ul style="list-style-type: none"> • Implementation of global Information Security organization, policy and control framework • Performance of “data breach” simulations across the organization (with various levels of management) • Payment Card Industry (PCI) and privacy compliant control framework • Cyber insurance coverage • Training and monitoring established through the General Data Protection Regulation (GDPR) initiative • Rollout of personal data protection policy and awareness program • Establishment of safeguards across data value streams
<p>Labor (O) Our brands may not be able to negotiate acceptable terms for extensions and replacements of contracts as a result of unfavorable demands and expectations from unions.</p>	<ul style="list-style-type: none"> • Expiration and re-negotiation of collective bargaining agreements with trade unions • Key business initiatives within the Ahold Delhaize strategy (e.g., efficiency through innovation, robotics and automation) • Regulatory and competitive increases in minimum wage • Labor shortages in distribution center and logistics functions 	<ul style="list-style-type: none"> • Contract negotiation process with labor unions • Human resource function's partnering relationship with unions and associates • Development of resource contingency plans • Monitoring and alignment of market practices

¹ Risks are listed in alphabetical order and categorized by business objective: strategic (S), operational (O), financial (F) and compliance (C).

How we manage risk continued

Ahold Delhaize's principal risks and uncertainties¹ (continued)

Risk	Key risk drivers	Mitigation
<p>Legislative environment (C) Changes in, or failure to comply with, laws and regulations could impact the operations and reduce the profitability of Ahold Delhaize or its businesses and, thus, could affect its financial condition, reputation or results of operations.</p> <p>Ahold Delhaize and its businesses are also subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which they operate, which may impact or limit the Company's ability to realize certain acquisitions, divestments, partnerships or mergers.</p>	<ul style="list-style-type: none"> • Increased focus on compliance and enforcement • Changing political climate • Proposed regional and national tax reforms • Lack of clarity on application of new regulations • Implementation of sugar taxes and other trade restrictions • Public opinion and pressure from governments, regulatory entities and NGOs on sustainability actions to promote healthy eating, reduce the use of plastics, and discourage tobacco sales • Based on the prevailing regulatory environment or economic conditions in the markets where we operate, litigations, investigations and inquiries may increase in frequency and materiality 	<ul style="list-style-type: none"> • Real-time knowledge and awareness of regulatory developments attained through our global legal, compliance and tax functions • Implementation of global policies, operational procedures and internal control framework • Risk monitoring and assurance program • Education of regulators and public policymakers, (e.g., through industry associations; participation in lobbying industry bodies) • Transparent communications approach towards tax authorities about our legal structure • Continuing review of options from a tax-planning perspective • Estimation of the exposure to legal and regulatory proceedings and establishment of provisions for the estimated liabilities where it is reasonably possible to estimate and where the potential realization of a loss contingency is more likely than not. For further information, see <i>Note 34</i> to the consolidated financial statements
<p>People (O) (S) Brands may not be able to attract, develop and retain top talent in support of current and long-term needs and capabilities.</p>	<ul style="list-style-type: none"> • Availability of top talent in key locations • Shift in skillset for elements of our evolving business model (data analytics, omnichannel, modernized DCs, robotics, etc.) • Workforce is more mobile and people are more eager to change jobs 	<ul style="list-style-type: none"> • Embedding of employee value propositions within each brand to attract top talent • Identification and building of workforce based on strategic capability plans and needs (e.g., digital, eCommerce) • Associate engagement survey distribution and results, and the execution of action plans • Redefined performance and talent management cycle and development conversations • Further embedding of our leadership journey, shared values, capabilities and behaviors

¹ Risks are listed in alphabetical order and categorized by business objective: strategic (S), operational (O), financial (F) and compliance (C).

How we manage risk continued

Ahold Delhaize's principal risks and uncertainties¹ (continued)

Risk	Key risk drivers	Mitigation
<p>Pension and other post-employment benefits (F) <i>U.S. and Netherlands pension and healthcare funding</i></p> <p>Ahold Delhaize is exposed to the financial consequences of a number of defined benefit pension plans covering a large number of associates in the Netherlands and the United States.</p> <p>Multi-employer plans A significant number of union employees in the United States are covered by Multi-Employer Plans (MEPs) based on obligations arising from collective bargaining agreements. Ahold Delhaize's brands participate in 11 MEPs and some of these have a critical (Red Zone) funding deficiency.</p> <p>Under normal circumstances, when an MEP reaches insolvency, it must reduce all accrued benefits to the maximum level guaranteed by the United States' Pension Benefit Guaranty Corporation (PBGC). MEPs pay annual insurance premiums to the PBGC for such benefit insurance.</p> <p>For more information on the financial risks related to our MEPs see Multi-employer plans in <i>Note 23</i> to the consolidated financial statements.</p> <p>More details on this risk, its related risk drivers and current mitigating actions can be found in <i>Note 23</i> to the financial statements.</p>	<ul style="list-style-type: none"> • Pension and healthcare funding is impacted by low interest rates, stock market performance, changing pension laws, longevity of participants and increased costs in specific markets. • The Company's contributions to an MEP in which it participates may be used to fund benefits of employees of other participating employers. • If the Company seeks to withdraw from some of its MEPs, it must obtain the agreement of the applicable unions and, in connection with this, may be required to pay those plans an amount based on its allocable share of the unfunded vested benefits of the plan, referred to as a withdrawal liability. • If another participating employer stops contributing to an MEP in which the Company participates (e.g., due to bankruptcy), the Company and other remaining participating employers may have to increase their contributions to fund the unfunded obligations of the plan allocable to the withdrawing employer. • An MEP in which the Company participates may become insolvent and the Company may be required, in certain circumstances, to increase its contributions to fund the payment of benefits by the MEP. • PBGC currently projects that its multi-employer insurance program will become insolvent by the end of the PBGC's 2025 fiscal year. If the PBGC's multi-employer insurance program becomes insolvent, it may become unable to fund the PBGC-guaranteed benefits owed by insolvent multi-employer plans, which might impact our future contributions. Various legislative initiatives to assist the PBGC and / or the multi-employer pension system in the United States are under consideration by the United States Congress, but it is unclear whether any of these initiatives will be enacted. 	<ul style="list-style-type: none"> • Our governance structure, with a pension committee responsible for monitoring pension plan funding as well as Multi-Employer Plans. • Management of each MEP by a board of trustees appointed by the management of the participating employers (plan sponsors) and the participating unions. Ahold Delhaize has been appointed as board of trustee member on several MEP boards and, through these positions, manages and monitors the MEPs' funding. • The MEPs' contribution levels (funding) are set for each participating employer and are based on the benefit level as agreed in the collective bargaining agreement (CBA) and the agreed-upon funding. The rate of pension contributions is one of the terms of the CBA and considered to be a part of the overall agreed-upon benefit package. After the expiration of a CBA, all provisions within it are subject to negotiation and could be changed going forward, including, among others, pension and health care benefit levels and funding for the agreed benefit level.

¹ Risks are listed in alphabetical order and categorized by business objective: strategic (S), operational (O), financial (F) and compliance (C).

How we manage risk

continued

Ahold Delhaize's principal risks and uncertainties¹ (continued)

Risk	Key risk drivers	Mitigation
<p>Product safety (O)(C)</p> <p>There is a risk that customers may become injured or ill from the use or consumption of food and non-food products sold by Ahold Delhaize brands, whether they are contaminated or defective, intentionally tampered with, or impacted by food fraud in the supply chain.</p> <p>Additionally, negative impacts on human rights or the environment during the production of our products (e.g., human rights violations by suppliers) may negatively impact the reputation or results of Ahold Delhaize and / or its brands.</p>	<ul style="list-style-type: none"> • Internationalization of the supply chain and poor agricultural practices lead to product integrity and sustainability incidents occurring across the world (e.g., related to foodborne illness and manufacturers' labor conditions) • Increased speed of communications and amplification of incidents via NGOs and social media (e.g., product recalls or human rights in the supply chain) • Retailers being held accountable and scrutinized for incidents occurring at any point in the supply chain • Overall increase in demand by customers for accuracy and transparency in the food supply chain • Increased number of own-brand products being developed, carried and sold by Ahold Delhaize brands 	<ul style="list-style-type: none"> • Product safety policies, control framework and standard operating procedures • Ahold Delhaize's Standards of Engagement for third parties • Monitoring of performance of food safety procedures in the business • Tracing of product origins and conditions of production • Pilot of blockchain technology for tracing products in the supply chain • Insurance program

¹ Risks are listed in alphabetical order and categorized by business objective: strategic (S), operational (O), financial (F) and compliance (C).

Declarations

Introduction

This 2018 Ahold Delhaize Annual Report dated February 26, 2019, (the Annual Report) comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision “Wet op het financieel toezicht.”

For the consolidated and the parent company's 2018 financial statements “jaarrekening” within the meaning of section 2:361 of the Dutch Civil Code, see *Performance: Financial*. The members of the Management Board and the Supervisory Board have signed the 2018 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code. The following sections of this Annual Report together form the management report, or the “bestuursverslag” within the meaning of section 2:391 of the Dutch Civil Code: *Message from our CEO, Group Highlights, Who we are, Business Review, Our Management Board and Executive Committee, Our Supervisory Board, Corporate governance, How we manage risk, Remuneration* and the subsection *Remuneration* included in the *Supervisory Board report*.

For other information, or “overige gegevens” within the meaning of section 2:392 of the Dutch Civil Code, see subsection *Other information* under *Performance: Financial*, and the section *Investors*.

Declarations

The members of the Management Board, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2018 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of December 30, 2018, and of the development and performance of the business for the financial year then ended.
- The management report includes a description of the principal risks and uncertainties that the Company faces.

Management Board

Frans Muller
President and Chief Executive Officer

Jeff Carr
Chief Financial Officer

Kevin Holt
Chief Executive Officer Ahold Delhaize USA

Wouter Kolk
Chief Executive Officer Europe and Indonesia

This Annual Report, including the 2018 financial statements, which are audited by PricewaterhouseCoopers Accountants N.V., has been presented to the Supervisory Board.

The 2018 financial statements and the independent auditor's report relating to the audit of the 2018 financial statements were discussed with the Audit, Finance and Risk Committee in the presence of the Management Board and the external independent auditor. The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2018 financial statements included in this Annual Report and recommends the proposal to pay a cash dividend for the financial year 2018 of €0.70 per common share.

Supervisory Board

Jan Hommen (Chairman)
Bill McEwan (Vice Chairman)
Jacques de Vaucleroy (Vice Chairman)
René Hoofst Graafland
Rob van den Bergh
Mary Anne Citrino
Dominique Leroy
Mark McGrath
Ben Noteboom