

Value creation

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



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

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

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

For more information on our strategy and business model, see our website www.aholddelhaize.com

Supply chain



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

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

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

See *How we manage risk* for more information

Creating value for stakeholders

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

- customers
- communities
- associates
- shareholders

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

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

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

Value creation

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

- customers
- associates
- communities
- shareholders

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

Value creation

- customers
- associates
- communities
- shareholders

	Input	Output	Outcomes for our stakeholders
Associates – Human capital			
<p>We are committed to the continued development of our associates, with a strong focus on diversity and inclusion and providing a safe and healthy work environment.</p> <p>Cultivating our talent supports individual and business growth. Investing in our people ensures we are aligned in our company's purpose, to help people eat well, save time and live better.</p>	<ul style="list-style-type: none"> best talent technology <p>Short- to medium-term focus:</p> <ul style="list-style-type: none"> • Diverse workforce • Digital / data mindset • Associate wages and safety, health and well-being <p>Long-term focus:</p> <ul style="list-style-type: none"> • Development and training programs • Programs to attract the best talent • Corporate culture and values • Focus on diversity and inclusion 	<ul style="list-style-type: none"> • Net sales per associate (FTE) of €286 thousand • 54% women in workforce • 13% Executive Committee members is female • 67% part-time associates • Rate of lost days due to accidents of 2.1 per 200,000 hours worked (2018: 2.4) • 55% of associates under collective labor agreements • 17% reduction of serious injuries • 6.4 million training hours in 2018 	<ul style="list-style-type: none"> • Job opportunities • Better place to work • 2019 associate engagement score of 80% (2018: 79%) • 2019 associate development score of 72% (2018: 72%) • 2019 inclusive workplace score of 78% (2018: 78%) • 2019 Healthy workplace score of 76% (2018: 74%) • Skilled workforce • Safe place to work
Communities – Social and relationship capital			
<p>Our brands are closely connected to their communities, playing a role in the lives of millions of people every day. We feel a deep sense of responsibility for helping people live better.</p> <p>Our influence – and the positive impact we can have – extends much further than our operating area. Through our suppliers, we are connected to, and impact, communities across the globe.</p>	<ul style="list-style-type: none"> healthy and sustainable technology omnichannel growth <p>Short- to medium-term focus:</p> <ul style="list-style-type: none"> • Focus on providing information on healthy living • Donations, sponsorships and partnerships • Personal data privacy <p>Long-term focus:</p> <ul style="list-style-type: none"> • Promotion of health and well-being • 80% of own-brand production units in high-risk countries meeting social compliance standards (by end 2020) • 100% of own-brand food production sites certified against GFSI or equivalent standard (by end of 2020) • 50% of own-brand food sales from healthy products (by 2020) 	<ul style="list-style-type: none"> • 71% of own-brand production units in high-risk countries meeting social compliance standards • Sustainable sourcing of products, including seven critical commodities • 90% of own-brand suppliers GFSI-certified • 22.7 million addressable loyalty program participants • Good relationships with communities in our markets • Own-brand food sales from healthy products • €358 million income taxes paid 	<ul style="list-style-type: none"> • 48% of own-brand food sales from healthy products in 2019 • 95% of own-brand products with front-of-pack nutritional labeling in 2019 • Over seven billion personalized offers sent in 2019 • Better place to shop • More health-conscious / informed consumers • Reduced sugar, salt and fat in own-brand products <hr/> <ul style="list-style-type: none"> • Better neighbor • Connected communities • Associates assisting communities during critical times • Status as responsible taxpayer
Products and climate – Natural capital			
<p>Climate change is a significant global issue impacting our society, our quality of life and our business. The natural environment can be positively or negatively affected by business activities.</p> <p>The products we sell rely on natural resources, and how they are grown and produced impacts soils, water resources, and biodiversity. We aim to make it easier for customers to understand these connections and more easily shop for sustainably-sourced products.</p>	<ul style="list-style-type: none"> healthy and sustainable <p>Short- to medium-term focus:</p> <ul style="list-style-type: none"> • Waste minimization and plastic reduction • Lowering of carbon emissions • Implementation of Science-Based Targets • Product transparency and safety • Respect for human rights <p>Long-term focus:</p> <ul style="list-style-type: none"> • Biodiversity – sourcing of products, including seven critical commodities • Impact of climate change and eliminating waste • Building and maintenance of long-term relationships with strategic suppliers 	<ul style="list-style-type: none"> • 4,056 thousand tonnes CO₂ emissions (SBT); reduction of 159 thousand tonnes in 2019 • €1.5 billion in inventories written off during 2019 (own operations) (represents 2.3% of net sales) • 6,649 million kilowatts of energy consumed in 2019 (own operations) • Food waste of 255 thousand tonnes in 2019 • Increased number of products with clean labels in our U.S. brands 	<ul style="list-style-type: none"> • 32% CO₂ reduction compared to 2008 • 9% food waste (per sales) avoided since 2016 • Sustainably sourced products • Better neighbor • Mitigating negative impact on biodiversity

Creating value for our stakeholders

Customers



Our business is built on our relationships with our customers.

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

5.4m

monthly active mobile app users

48%

own-brand food sales from healthy products

66%

net sales generated from customers enrolled in our loyalty programs in 2019

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

Personalizing shopping through tech-enabled loyalty programs

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

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

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

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

Helping customers live better in a healthy and sustainable way

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

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

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

Creating value for our stakeholders

Customers *continued*



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

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

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

Saving to provide more for our customers

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

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

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

Staying engaged with customers to better serve their needs

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

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

Creating value for our stakeholders

Associates



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

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

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

78%

score on Inclusive Workplace from our associate engagement survey

54%

of the workforce is female

4-6 weeks

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

Committed to diversity and inclusion

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

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

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

Supporting associate development

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

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

Creating a good work-life balance

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

Offering equal opportunities for everyone

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

Creating value for our stakeholders

Associates continued



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

Providing a healthy and safe place to work

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

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

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

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

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

Making sure associates have a voice

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

Building deep connections to our communities

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

Creating value for our stakeholders

Communities



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

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

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

56,681

tonnes of food donated to food banks

100%

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

1 billion

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

Supporting our communities when and where they need it most

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

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

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

Respecting human rights

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

Promoting health and well-being locally

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

Focusing on our environment

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

Creating value for our stakeholders

Communities *continued*



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

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

Partnering with suppliers to improve lives outside of our markets

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

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

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

Collaborating across the industry to have a global impact

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

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

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

Tax transparency and responsibility

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

We aim to file our taxes in full compliance with local laws and regulations. Our tax compliance is based on a reasonable and responsible interpretation of tax laws. We recognize the risk that non-compliance with applicable tax laws and regulations could result in damage to Ahold Delhaize’s reputation or to the relationship with our host countries. We also recognize that not contributing our share in taxes could impact the economic development of these countries due to reduced tax receipts.

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

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

Creating value for our stakeholders

Shareholders



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

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

€1.71

underlying income per share from continuing operations

€1 billion +8.6%

share buyback program

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

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

The case for investing

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

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

Committed to transparent communications

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

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

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

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

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

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