Ahold Delhaize

Remuneration Policy for the Management Board

Applicable to	Management Board and Executive Committee
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Version no.	1.0

Remuneration Policy for the Management Board

Purpose

The objective of Koninklijke Ahold Delhaize N.V.'s (the "Company") Remuneration Policy for the Management Board (the "Remuneration Policy") is to attract, incentivize, reward, and retain the highly skilled and qualified senior management the Company needs to achieve its operational and strategic objectives.

The Remuneration Policy balances the needs of internal and external stakeholders with the Company's commitment to making a sustainable contribution to society. It aligns the focus of the Management Board with the interests of Ahold Delhaize's stakeholders and society at large through variable elements that are tied to and dependent on the Company's delivery of its strategy in a socially responsible and sustainable manner. It is designed to be simple, effective, and transparent.

In establishing and implementing the Remuneration Policy, the Company has taken, and continues to take, into consideration the perspective and input of internal and external stakeholders.

Principles

Alignment with Company strategy

The Remuneration Policy is aligned with the Company's long-term strategy. The Management Board's remuneration includes short-term and long-term incentives that are tied to the realization of financial and non-financial performance criteria. These performance criteria reflect the cornerstone elements of the Company's strategy.

Pay for performance

The Remuneration Policy supports a pay-for-performance culture with an emphasis on sustainable long-term value creation. It also discourages the Management Board from taking inappropriate risks. Claw-back provisions in the short-term and long-term incentive plans allow the Supervisory Board to cancel or recoup pay in response to acts of misconduct. Separation payments are limited to a one-year base salary.

Consistency

To ensure internal alignment and support a shared purpose, the structure of Management Board remuneration is generally consistent with the remuneration structure for other senior associates of the Company.

Competitive pay

The competitiveness of the Remuneration Policy is benchmarked annually against a labor market peer group that reflects the Company's geographic operating areas and the markets most relevant to the recruitment and retention of senior management. Target remuneration levels are typically at or near the median of the peer group, while consideration is given to the size of Ahold Delhaize relative to its peers.

Transparency

The Company's Annual Report provides extensive disclosure of how the Remuneration Policy was implemented, including full ex-post disclosure of performance targets and intervals and the performance realized for the short-term and long-term incentives, as well as an extensive and detailed pay ratio disclosure.

Alignment with stakeholder interests

The Remuneration Policy aligns the focus of the Company and its senior management with the interests of the Company's stakeholders and society at large. Our vision is to create the leading local food shopping experience, providing inspiring, healthy, and affordable food options for all while achieving our environmental, social, and governance commitments. We are committed to transparency and high integrity with a broad list of stakeholders who have a strong interest in our company, including shareholders, global and local suppliers, governments, and NGOs.

Our stakeholders help us to get better every day by challenging us, sharing insights into their concerns, offering feedback on how we are doing, and collaborating with us to solve problems. We engage with them in both formal and informal ways throughout the year on a wide range of topics (including societal, economic, and environmental impacts) and reflect on the feedback they provide. More information about how we engage with our stakeholders is available in our Annual Report.

Each year, we perform a materiality assessment, gathering input from associates, customers, investors, and other external stakeholders to assess our biggest impacts on society. Our materiality assessment helps us to ensure that our strategy and reporting are in line with our most significant impacts and stakeholder expectations. The outcomes of this assessment are presented in our Annual Report.

Through robust share ownership guidelines and shareholding requirements that extend beyond Management Board members' tenure, the Remuneration Policy further supports the alignment of the interest of the Management Board members with the long-term interests of the Company's stakeholders.

Procedures

Establishing, revision, and execution

The Remuneration Policy is established, revised, and executed by the Supervisory Board. The Remuneration Committee of the Supervisory Board (the "Remuneration Committee") is responsible for advising the Supervisory Board on remuneration-related matters concerning the Management Board. The Remuneration Committee actively and continually monitors internal and external developments to determine whether the Remuneration Policy is still aligned to and supportive of the Company's operational and strategic objectives. The Remuneration Policy is reviewed comprehensively at least once every four years.

The Remuneration Committee may submit recommendations for amendments to the Remuneration Policy to the Supervisory Board. If adopted by the Supervisory Board, the amendments to the Remuneration Policy will subsequently be proposed for adoption by the General Meeting of Shareholders.

Discretion and derogation

Within the Remuneration Policy, the Supervisory Board may exercise discretion in the execution of the Remuneration Policy and the related incentive plans, including but not limited to:

- the adjustment of the base salaries of the Management Board members;
- the substitution of companies in the labor market peer group and TSR performance peer group in case of de-listings, mergers, or other extraordinary circumstances;
- the adjustment, positive or negative, of the performance of the incentive plans described below in case of unforeseen or unusual circumstances occurring during the performance period;
- establishing the underlying metrics of the "ESG and other strategic imperatives" performance measure in the short-term incentive and the "Healthy and Sustainable" performance measure in the long-term incentive.

In exceptional circumstances and in accordance with the principles of reasonableness and fairness, the Supervisory Board may, upon recommendation by the Remuneration Committee, deviate from the Remuneration Policy. All deviations must be carefully considered, in alignment with the objectives and principles set out above, and applied consistently.

The remit of the Supervisory Board to deviate from the Remuneration Policy is limited to

a) one-off cash bonuses or share grants in a recruiting context, and;
b) offering alternative benefits such as pensions or insurances with an equivalent value in an international context.

All other deviations from the policy will always be presented for approval by the General Meeting of Shareholders and disclosed in the Annual Report of the relevant year.

Risk assessment

The Remuneration Committee regularly conducts a comprehensive analysis that assesses the potential outcomes and risks associated with the variable remuneration elements. This includes the analysis of Management Board remuneration under different performance scenarios.

Compliance

The design and implementation of the Remuneration Policy are compliant with all applicable laws, rules and regulations, and corporate governance requirements. Decisions about Management Board remuneration are made in observance of the Company's Code of Ethics.

Peer groups

The Remuneration Policy uses two separate peer groups: a labor market peer group to benchmark total remuneration levels, and a TSR performance peer group to assess relative Total Shareholder Return performance.

Labor market peer group

As an international company, Ahold Delhaize must remain attractive for top executives from the industry and beyond to continue to have a strong and diverse Management Board. To this end, the competitiveness of the Management Board remuneration levels is assessed annually against a peer group composed of six European competitors, six U.S. competitors, and six AEX and BEL20 listed companies. This labor market peer group reflects the Company's geographic operating areas and the markets most relevant to the recruitment and retention of senior management.

European companies	U.S. companies	AEX and BEL20 companies
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard Perrachon	Walgreens Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
W M Morrison	Lowe's	AB InBev

Target Total Direct Compensation levels are typically at or near the median of the peer group, while consideration is given to the Company's size relative to its peers.

To accommodate potential changes in the labor market peer group due to de-listings, mergers, or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies. In general, the geographical composition of the labor market peer group will be the principal consideration when a company is replaced. For example, a U.S.-based company will generally be replaced by another U.S.-based company.

TSR performance peer group

The results of the long-term share-based incentive plan are determined in part by the Company's Total Shareholder Return performance relative to a peer group of 11 European and U.S. competitors. Companies in the TSR performance peer group are selected from the relevant GICS sub-industries based on their total revenue, market capitalization, assets, and total number of employees.

Albertsons	Metro Cash & Carry
Carrefour	Target
Casino Guichard Perrachon	Tesco
Costco	Walgreens Boots Alliance
J Sainsbury	Walmart
Kroger	

To accommodate potential changes in the performance peer group due to delisting, mergers, or other extraordinary circumstances, the Supervisory Board may exercise discretion by substituting comparable companies.

Remuneration elements

The remuneration offered to the Management Board members consists of several elements, which are outlined in the table below.

Total Direct Compensation	**Description**	Total Direct Compensation comprises base salary, the annual cash incentive plan, and the long-term share-based incentive plan.
	Purpose and link to strategy	Total Direct Compensation is the basis for benchmarking. A significant proportion of Total Direct Compensation is made up of short-term and long-term incentives that are tied to the realization of financial and non-financial performance criteria linked to the Company's strategy. This fixed-to-variable ratio supports the Company's pay-for-performance culture and a long-term strategic focus.
	Operation	Total Direct Compensation is benchmarked annually against a labor market peer group that reflects the Company's geographic operating areas and the markets most relevant to the recruitment and retention of senior management.
	Policy level	Target Total Direct Compensation levels are typically at or near the median of the labor market peer group.

Base salary	**Description**	Base salary is a customary, fixed cash element of remuneration.
	Purpose and link to strategy	Base salary is intended to attract and retain highly skilled and qualified senior executives. It is the basis for competitive remuneration.
	Operation	Individual base salaries are initially determined by the Supervisory Board based on benchmark data and the profile and experience of the individual Management Board members. Adjustments of individual base salaries are at the discretion of the Supervisory Board. Base salaries are reviewed annually as part of the annual performance review process, taking into account benchmark data, external and internal salary development, internal pay ratios, individual and Company performance, and input from the Management Board members themselves.
	Policy level	Individual base salary levels are disclosed in the Company's Annual Report.
Annual cash incentive plan: Executive Incentive Plan	**Description**	The Executive Incentive Plan ("EIP") is a cash-based incentive plan based on the achievement of annual performance targets.
	Purpose and link to strategy	The Company seeks to expand market share while focusing on margins to increase profitability and prudently managing capital spending and expenses to secure strong and sustainable cash flow. Consequently, EIP employs three financial measures that reflect the fundamental key financial metrics of a retail organization: **Sales growth** (weight: 30%), **Underlying operating margin** (weight: 25%), and **Operating cash flow** (weight: 20%). Next to financial performance, ESG-related performance is an important part of how we measure success and this is reflected by the inclusion of performance measures related to **ESG and other key strategic imperatives** (total combined weight: 25%).

	Operation	The performance measures related to **ESG and other strategic imperatives** are determined annually by the Supervisory Board and disclosed ex-ante in the Annual Report of the preceding year. Performance targets and intervals for all performance measures are disclosed ex-post in the Annual Report of the respective year. The payout in any year relates to the achievements of the preceding year. Based on the Company's performance against the established targets, a performance multiple is determined for each of the performance measures. Each performance measure has a maximum performance multiple of 150%. An overall performance multiple is subsequently determined based on the weights of each performance measure. The maximum overall performance measure is 125%. In support of the Company's pay for performance culture and in recognition of the Company's focus on margins, the Underlying operating margin performance measure serves as a threshold: for any year in which the performance on Underlying operating margin is below the established minimum, the total payout will be nil.
	Policy level	The at-target payout as a percentage of base salary is 100% for all Management Board members, contingent on the full achievement of the objectives, with a minimum of 0% in the event of below-target performance and a maximum of 125% of the at-target value in the event of above-target performance.
Long-term share-based incentive: Global Reward Opportunity	**Description**	Global Reward Opportunity ("GRO") is the Company's long-term share-based incentive plan.
	Purpose and link to strategy	The GRO plan employs three financial measures that reflect our focus on growth, how effective we are at turning investments into profit, and our overall performance relative to our competitors: **Return on capital** (weight: 35%), **Underlying earnings per share growth** (weight: 25%), and **relative Total shareholder return** (weight: 15%). In addition, non-financial performance measures related to the Company's **Healthy and Sustainable** ambitions are included (total combined weight: 25%).

Operation

Performance shares are granted on an annual basis. The vesting of these shares is subject to performance over a three-year performance period. Based on the Company's performance against the established targets, a performance multiple is determined for each of the performance measures. Each performance measure has a maximum performance multiple of 150%. An overall performance multiple is subsequently determined based on the weights of each performance measure. The maximum overall performance measure is 150%.

Total shareholder return performance is determined based on the Company's ranking within the TSR performance peer group. This ranking is established at the end of the performance period by an independent external advisor.

The table below shows the percentage of performance shares that may vest based on the Company's ranking. No performance shares linked to Total shareholder return performance will vest if the Company ranks below the sixth position in the TSR performance peer group.

TSR position	Payout
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7-12	0%

The sub measures for Healthy and Sustainable are determined by the Supervisory Board at the start of the performance period and disclosed in the Annual Report of the first year of the performance period. Performance targets and intervals are disclosed ex-post in the Annual Report of the final year of the performance period.

Policy level	In line with market practice, the target value of the GRO plan varies per role: • CEO: 275% of base salary • CFO: 200% of base salary • CEO Ahold Delhaize U.S.A: 275% of base salary • CEO Ahold Delhaize Europe and Indonesia: 175% of base salary The maximum value at vesting in the event of below-target performance is 0% of the at-target value. The maximum value at vesting in the event of above-target performance is 150% of the at-target value.
Shareholding requirements	Management Board members must retain the shares awarded under the GRO plan during their term as a member of the Management Board for a minimum period of five years from the grant date. This five-year holding period extends post-tenure (including retirement). The sale of a portion of the shares is permissible to finance taxes due at the vesting date.
Share ownership guidelines	Management Board members are required to acquire and hold shares in the Company with a value equal to a multiple of their annual base salary: • CEO: at least equal to 400% of his or her annual base salary • CEO ADU.S.A: at least equal to 400% of his or her annual base salary • Other Management Board members: at least equal to 300% of their annual base salary The holding may be build-up by retaining all after-tax shares from the GRO plan and does not require personal share purchases.

Pensions	**Description**	Management Board members based in the Netherlands are offered a defined benefit pension plan based on career average salary.
	Purpose and link to strategy	Pensions are intended to provide Management Board members with an appropriate level of income at retirement.
	Operation	The pension plan for Management Board members based in the Netherlands is consistent with the plans offered to other associates of the Company in the Netherlands. • The retirement age is aligned with the legal retirement age in the Netherlands. • The pensionable salary is limited to the legal maximum (2022: €114,866). • Management Board members pay a pension premium contribution identical to that of all other associates of the Company in the Netherlands. In addition, Management Board members based in the Netherlands receive a gross, age-dependent pension allowance over their base salary exceeding the pension limit and can choose to participate in a net pension program by investing the net after-tax amount of the pension allowance. The net pension program is identical to that of all other associates of the Company in the Netherlands. Participation in this net pension program is voluntary. Management Board members who are not based in the Netherlands are offered retirement benefits that are consistent with those offered to other senior associates in their location and in line with local market practice.
	Policy level	All existing pension arrangements for Management Board members based in the Netherlands are compliant with the applicable fiscal regulations. All existing pension arrangements for Management Board members who are not based in the Netherlands are in line with local practices, laws, and rules and regulations.

Additional benefits		
	Description	Management Board members may be offered additional arrangements, such as an expense allowance, insurances, the use of company cars, third-party tax services, and, where applicable, an expatriate allowance and reimbursement of housing and schooling costs.
	Purpose and link to strategy	Market competitive benefits are offered to aid retention and, in the case of third-party tax services, to ensure compliance with relevant legislative requirements
	Operation	Arrangements are offered based on applicability and individual facts and circumstances.
	Policy level	Additional arrangements are consistent with those offered to other senior associates of the Company and in line with local market practice.

Other contractual terms

Loans

The Company does not provide loans to Management Board members, nor does the Company issue guarantees to the benefit of Management Board members.

(Service) Agreements

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