

Koninklijke Ahold Delhaize N.V. Annual General Meeting 2024

Type of meeting	AGM
Date	2:00 PM CET, April 10 th , 2024
Location	Hybrid. Attendance in-person at Zaantheater, Nicolaasstraat 3, 1506 BB Zaandam, the Netherlands.
Speaker	Michiel van Esch (Robeco)
Opt-in members	APG, on behalf of ABP and BPF Bouw
Attendance AGM	

	Agenda items	Vote	Result (%)	
			V	T O
1.	Opening.			
2.1	Report of the Management Board for the financial year 2023 (no voting).			
2.2	Governance (no voting).			
2.3	Explanation of policy on additions to reserves and dividends (no voting).			
2.4	Proposal to adopt the 2023 financial statements (voting item).	F	99.94%	
2.5	Proposal to determine the dividend over financial year 2023 (voting item).	F	99.0%	
3.	Remuneration Report (advisory vote).	F	93.6%	
4.1	Proposal for discharge of liabilities of the members of the Management Board (voting item).	F	98.28%	
4.2	Proposal for discharge of liabilities of the members of the Supervisory Board (voting item).	F	97.96%	
5.1	Proposal to reappoint Mr. Bill McEwan as member of the Supervisory Board (voting item).	F	97.23%	
5.2	Proposal to reappoint Ms. Helen Weir as member of the Supervisory Board (voting item).	F	96.44%	
5.3	Proposal to reappoint Mr. Frank van Zanten as member of the Supervisory Board (voting item).	F	97.9%	
5.4	Proposal to appoint Mr. Robert Jan van de Kraats as new member of the Supervisory Board (voting item).	F	99.83%	
5.5	Proposal to appoint Ms. Laura Miller as new member of the Supervisory Board (voting item).	F	86.83%	
6.	Proposal to reappoint KPMG Accountants N.V. as external Auditor for the financial year 2025 (voting item).	F	100%	
7.1	Authorization to issue shares (voting item).	F	98.29%	
7.2	Authorization to restrict or exclude pre-emptive rights (voting item).	F	96.41%	
7.3	Authorization to acquire common shares (voting item).	F	98.72%	
7.4	Cancellation of shares (voting item).	F	99.38%	
8.	Closing.			

2.1 Report of the Management Board for the financial year 2023 (no voting).

My name is Michiel van Esch, I work at Robeco. Today I also speak on behalf of MN, APG Asset Management, ABP and BPF Bouw.

Many thanks for the presentation, and congratulations on the annual report. Under this agenda item I have 4 questions: one about capital allocation and portfolio management, another on Ahold's tax disclosures, and two on its sustainability ambitions.

My first question is in relation to your portfolio composition. Ahold Delhaize had to dispose FreshDirect, and in the annual report this was marked as a difficult decision and an unfortunate event. Could you share any lessons learned or reflections from the board in terms of portfolio allocation? At the same time, new additions were made to the AD family such as Profi. Could you explain your considerations and why you believe these will be long-term successes in terms of value creation?

My second question is on your tax report. We are happy to see that a tax report is being added to your annual report, and we appreciate the tax contribution breakdown by type and country. Often these reports are offered with the purpose of providing stakeholders with a sense of how taxes paid are aligned with economic added value. Disclosures including FTEs, revenues and margins will help to make such an assessment. For example, Switzerland is listed as one of the countries where the group pays the highest amount of corporate taxes, although your company does not have any supermarkets there. Could you elaborate on the economic activities that you carry out in Switzerland and how they fit into your value chain?

My final questions are in relation to sustainability. As mentioned in your climate transition strategy, the majority of your company's emissions are in scope 3. The levers you define to address these emissions are 1) engaging suppliers and farmers, 2) providing assortments with a lower footprint and 3) encouraging customers to choose lower emission products. For all of these measures you have a level of dependence on other stakeholders. What will your actions be if there is insufficient traction in terms of demand or supply from stakeholders? How will you track progress on these 3 levers?

And lastly, could you provide us with a timeline for when the company will disclose the results of your ongoing work on nature impacts and dependencies? Is the company planning to issue a TNFD report?

The CEO mentioned that the shopping experience in the US changed dramatically, and that the business models that Ahold embarked on 2 or 3 years ago had to change more quickly than expected. They adjusted their business model in response to customer requirements and it led to a need to change their portfolio. Ahold's learning is that omni-channel (that includes both stores and e-commerce under one brand-roof) is more future proof. Pure-play models are more exposed to risks. They made changes, adapting shopping models more closely to the needs of their customers, in terms of different ways of shopping. Delivery services might still be relevant, but that would be via third-party providers.

Profi is a retailer in Romania which is thought to be very complimentary to their current brand in Romania. The purchase of Profi will solidify (double) Ahold's position in Romania, which is an interesting market for the company, because of growth in GDP, the size of the market and the growing acceptance of the company's products. They aim to stay number 1 and 2 in Romania.

To attack scope 3 means collaboration with all their stakeholders upstream and downstream, and Ahold has created a climate hub to foster such collaborations. Ahold will ask all of their suppliers to commit to SBTi by 2025

and expects to achieve that 70% of their suppliers will report on scopes 1, 2, and 3. All of their feed retail brands in Europe have committed to baseline emissions and protein ratio (60% from plants).

In relation to TNFD, Ahold has developed an approach in 2023 to review their business activities. It will conduct a more detailed impact assessment and review existing targets including SBTN in 2024/2025. It will aim to increase reporting on nature in line with CSRD requirements. You can argue that TNFD, CSRD are converging, and investors can expect additional reporting along those reporting requirements.

Ahold's tax reporting is in line with the VNO tax governance code and they have genuine substance. The CFO explained their activities in the market include financial management, treasury activities and risk management of the company as a whole.

Remuneration

Looking at the annual bonus, for the last few years (since 2020) we have observed near or at maximum bonus payouts for the management board. This year was no exception, as all KPIs were met with 'at target performance or higher' which led to a 95% award of maximum opportunity, even though the company had a challenging year in terms of annual results. May I ask the Chair of the Remco to reflect on the target setting process, and whether KPIs were considered sufficiently stretching? For example, we see that the sales growth performance targets in the past two years were significantly surpassed, and that decreases in sales growth would have still resulted in payouts as the threshold performance levels for this metric were set at around -2.2%.

The Chair of the remuneration committee explained that they ask themselves this question every year, and that they consider the targets to be robust with clear, specific, and auditable goals. The purpose here is to set targets in line with the company's long-term sustainable performance. If the company delivers on that, the board is delighted to pay for performance. They believe that management has performed very well despite challenging circumstances, so their answer is that the board believes the targets were challenging enough.

Nominations

I have one question about the succession planning process. Last year, Mr. McEwan was re-appointed to the board for one year to allow for more time to find a successor. Despite your efforts to find a successor, we note that Mr. McEwan has been nominated again, in this case for 2 years. We understand the experience and skills he brings to the board, but given this context can you elaborate the nomination process leading up to this decision?

The chair of the nomination committee explained the importance of having someone with significant grocery retail experience, particularly in the US, given the market relevance for their operations. The committee has conducted an extensive search. Yet, the pool of candidates is limited because appropriate candidates might work for competitors. The nominations committee met with approximately 10 candidates, but none of them had sufficient experience on both operational aspects and the required vision and understanding on strategy. They are optimistic about finding a suitable new board member in the future. Mr. McEwan's contribution is very significant and therefore an extension continues to be a good option.