

# Responsible retailing



# In this year's report...

## Welcome

Welcome to Ahold's 2014 Responsible Retailing Report. Do take a look around this report to find information about our responsible retailing strategy, targets, priority areas, case studies and much more...



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Being responsible is integral to our business and is reflected in the way we support the health and well-being of our customers, communities and associates, and work to source our products responsibly from both a social and an environmental perspective.

In this section, you'll read an overview of our responsible retailing strategy, and some of the key stories that relate to each of our priority areas.

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## Company profile

# We are Ahold...

We are an international retailing group based in the Netherlands and active in the United States and Europe.

Ahold is built on a solid foundation, with strong and trusted local consumer brands, millions of loyal customers, leadership in our markets and proud associates. Operating supermarkets and selling great food has been our core business for over 125 years.

Today, we serve our customers' changing needs by offering them their channel of choice. We have a great network of stores and market-leading online businesses. Through our omni-channel offering our customers can shop anytime, anyhow and anywhere that is most convenient for them.

We work to be an even better neighbor and make meaningful contributions in all our communities. We support the health and well-being of our customers, associates and communities, source our products responsibly and care about the environment.

We are able to offer customers great quality and value, an easy and inspirational shopping experience, and all the right choices because of our people. Our associates are passionate about serving our customers and getting better every day. The relationships they build with our customers are an important part of why they keep coming back to shop with us.

### Stores serving customers in five countries

# 3,206



### Associates

# 227,000



### Serving a trade area population of around

# 90 million+



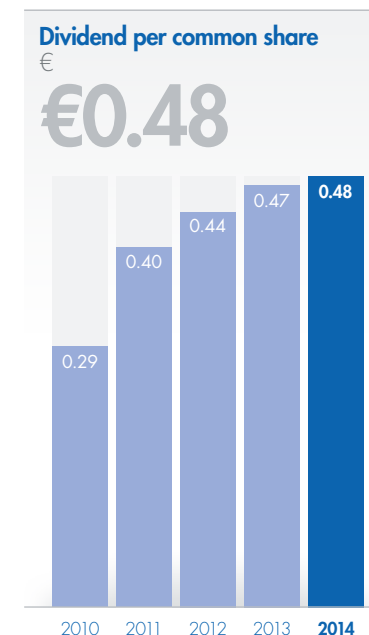
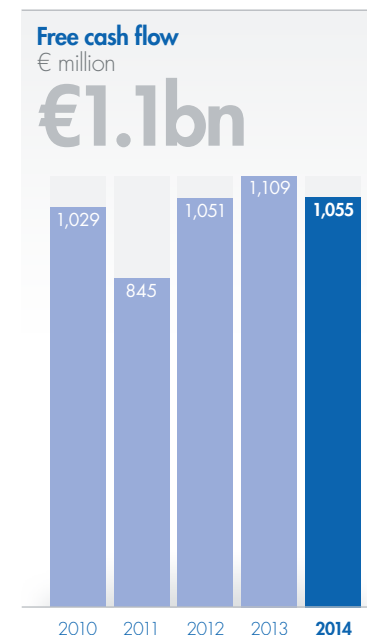
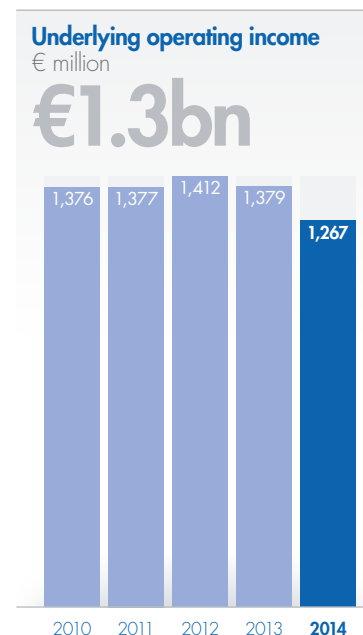
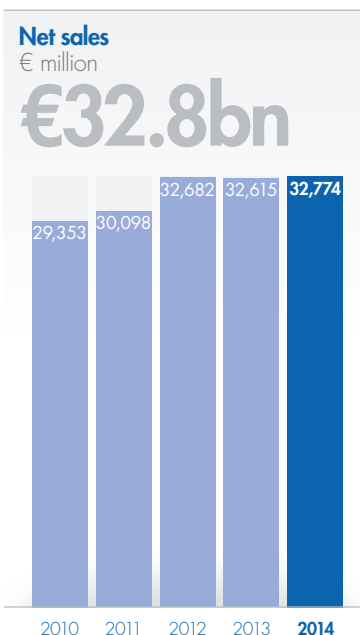
### Strong and trusted omni-channel retailer, with online net sales of

# €1.3 billion



## Group financial highlights

**In 2014,  
we achieved  
net sales of  
€32.8bn and  
generated  
free cash flow  
of €1.1bn**



**Net sales increase at constant  
exchange rates**

**0.8%**

**Underlying operating margin**

**3.9%**

(2013: 4.2%)

**Total returns to shareholders  
through dividend payments  
and share buyback and capital  
repayment programs**

**€2.7bn**

(2013: €1.2bn)

**Adjusted income from continuing  
operations per share**

**€0.88**

(2013: €0.79)

## Highlights by segment

The strength of our brands, with leading market positions in all of our markets, underpins our financial performance

## USA



## Net sales

€19,557 million

(0.5)% growth in local currency

59.7% contribution to group net sales



## Underlying operating income

€738 million

3.8% underlying operating margin

55.5% contribution (before Corporate Center costs)



## Our brands



## The Netherlands



Belgium  
Germany



## Net sales

€11,696 million

1.8% growth

35.7% contribution to group net sales



## Underlying operating income

€574 million

4.9% underlying operating margin

43.1% contribution (before Corporate Center costs)



## Our brands



## Czech Republic



## Net sales

€1,521 million

11.7% growth in local currency

4.6% contribution to group net sales



## Underlying operating income

€19 million

1.2% underlying operating margin

1.4% contribution (before Corporate Center costs)



## Our brands



## Joint venture



Portugal

## Net sales

€3,565 million

## Stake

49%

Ahold holds 49% of the shares in the joint venture JMR, and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A.

## Our brands





## Message from our CEO

### Dear stakeholders,

In 2014, the food retail industry continued to evolve rapidly, and we see our customers' demand growing for a healthier, and more sustainable product assortment. As part of our Reshaping Retail strategy, our goal is to be able to bring our customers great value, high quality and affordable fresh products along with the convenience of shopping in whatever way they choose – and to do it in a responsible way.

We operate in an ever-changing environment. With aging populations in many countries, healthcare costs are rising – and while better nutrition and hygiene have led to higher life expectancy in recent decades, there is a flip side to this. Globally, lifestyle-related illnesses, such as diabetes and obesity, are rising. The food industry is often perceived to be part of the problem, and not part of the solution. At Ahold, we strongly believe that we have an opportunity, not only to offer healthier choices to our customers, but also to explain to our customers how they can make informed choices. We cannot do this in isolation, and we see a clear advantage in working closely with our various partners as we execute our responsible retailing strategy.

### Working with our stakeholders

Through our five responsible retailing priority areas – healthy living, community well-being, our people, responsible products and care for the environment – we have well-established initiatives and programs in place to address these challenges, both independently and at an industry-wide level.

As a major retailer, we take seriously our responsibility towards all those who impact or are impacted by our business in some way. Our stakeholders give us insight and help steer us in the right direction so we can better meet their needs over time, with each group playing a unique role.



Our customers are at the center of everything we do, and we tailor our offering to keep on top of their busy lifestyles and changing demands. We constantly strive to make sure we provide an even better place to work every day for our associates.

Globally, Ahold and its brands employ around 227,000 people. Our supermarkets in the U.S. and Europe bring positive economic impact to the communities around our stores by employing local people. We strive to create workplaces built on fairness and mutual respect, and to maintain strong businesses that drive stable jobs and provide opportunities for great careers.

Our suppliers are also very important to us as they deliver the high quality products our customers expect from us. In this report, you will find examples of how we work in collaboration with our suppliers and engage with them in many ways, aiming to strengthen and improve our relationships.

We also engage with other stakeholders in our communities, including people living in our neighborhoods, NGOs, governments and food retail associations. We are proud to work with so many stakeholders – but their differing agendas and requirements also bring challenges. We have to balance our stakeholders' needs and try to work with them to find solutions that are beneficial to all.

# Message from our CEO (continued)

## 2014 progress on responsible retailing

I am personally proud of what we have achieved during the year, and would like to share some key highlights with you here:

### Healthy living

Health is a key priority for us. We have increased our assortment of affordable fresh produce and healthy products by over 500 – to a total of 9,341 healthy products – and during the reporting year, launched promotions to make it easier for customers to make healthy choices. In May, Albert Heijn ran a campaign using a “helping hand” symbol to point to healthier options both in-store and online. Ahold USA further expanded its in-store nutritionist program in 2014 and now has 13 nutritionists covering 15 stores. Our healthy sales have fallen slightly in 2014 but this is mainly due to our efforts to make produce more affordable in the U.S. It is only by making healthy choices accessible to a broad section of the population in our markets that we hope to have a real positive impact on our customers’ health, and therefore their lives.

In addition, during my second year as co-chair of the Consumer Goods Forum, Ahold played a key role in establishing an agreement by all members to make a step-change on the organization’s Health and Wellness resolutions. The agreement will see the CGF members bring forward the deadline for implementation of the most crucial actions on health.

### Community well-being

Through our better neighbor initiatives, we strive to provide much needed support to many of our communities. For example, our programs to fight hunger in the U.S., the Netherlands and the Czech Republic continue to support food banks through direct donations and food collection drives coordinated from our stores. In the U.S., we once again made significant donations through the Our Family Foundation to children’s hospitals with a focus on pediatric cancer care and research.

We also continue our involvement in health education programs for children, and during the year educated over 720 thousand kids across the U.S. and Europe. For all of our efforts in the community, our U.S. businesses were proud to accept U.S. industry magazine Progressive Grocer’s prestigious award: 2014 Retailer of the Year.

### Our people

In 2014 the response rate of our engagement survey was a record breaking 81% of our total workforce, and the overall engagement increased to 68%. Several strengths from the survey included safe work environments, job training, and clear job expectations.

Our associates are some of our most important stakeholders, and in 2014 we showed our appreciation for their hard work by offering a variety of free or discounted health and wellness programs. We also saw active associate involvement in our responsible retailing initiatives. We further rolled out our performance management system to our stores. As a result the associates in our stores are now facilitated with a career development tool which enables them to focus on their talents so they can reach their full potential.

Many Albert Heijn associates also attend school in addition to working part-time. For Albert Heijn and the schools it is very important that our young associates complete their studies. To support them in this, Albert Heijn stores in Amsterdam have been offering free homework tuition for associates in cooperation with “Youth Inc: experience how it works”. In 2014, 40 Albert Heijn stores in Amsterdam offered the homework classes, (up from 25 stores in 2013).

In addition, Albert Heijn is among the largest employers of young disabled people (“Wajongers”) in the Netherlands with more than 600 Wajongers currently working across all company-owned stores. Albert Heijn aims to increase this to 2,000 by 2016.

## Responsible products

During the reporting year, we made important headway on making sure our own-brand products are produced in a more responsible way. Highlights in our work on critical commodities included bringing a further 30% of our seafood suppliers in line with our sustainability standards and that Ahold USA’s divisions’ stores became one of the first supermarkets in the US offering own-brand UTZ Certified sustainable chocolate bars. We continued to review our own-brand supply chains for sustainability “hot-spots” and to address those already identified, for example in 2014 within our floral supply chain.

### Care for environment

We continued to make progress in most areas of our CO<sub>2</sub> reduction programs, with further expansion achieved in the use of LED lighting, eco-friendly refrigerants and natural gas delivery trucks. Waste separation and reuse is increasing each year, meaning lower volumes going to landfill and incineration. And we continued our efforts to reduce plastic bag usage in the US.

We know that we can make more effective, lasting changes on various issues at an industry-wide level by working with others. Through our leadership roles and memberships on various industry-level bodies, we are continually driving positive change on health and wellness, and sustainable soy, palm oil and seafood. We remain committed to the UN Global Compact, and this report includes an update of our performance against these principles.

## In closing

We recognize the increasing importance of non-financial information to our stakeholders and realize that financial results are not the only driver for our business. We will continue to include non-financial targets within our Reshaping Retail strategy and look at ways of reflecting this in our reports.

In closing, I am pleased with the results we have achieved against our responsible retailing targets. We are now into the final year of our current strategy, and the targets we are now reporting on will expire at the end of 2015. We are working on finalizing the next phase of our strategy and I look forward to sharing it with you later in 2015.

Together with my colleagues on the Executive Committee, I’d like to thank all of our stakeholders for engaging with us and driving us to constantly work harder to become a better place to shop, a better place to work, and a better neighbor, every day.

### Dick Boer

Chief Executive Officer

Zaandam,  
February 25, 2015



## Reshaping Retail framework

# How are we reshaping retail at Ahold?

Our Reshaping Retail framework outlines our strategic ambitions, how we operate and what we want to be as a company.

We have a common set of values across all our businesses and a shared vision for the future. Our proven business model enables us to keep investing in our customer offering, and we are getting better every day through our shared promises. Our strategic pillars outline our clear ambition to grow and be competitive in years to come.

We have a robust **business model**, built on strong local brands...

we are keeping our **promises**...

and we have the ambition to drive performance and go for **growth**.



Ahold is becoming  
**a better place to shop,**  
**a better place to work,**  
**and a better neighbor.**



## Creating growth:

- Increasing customer loyalty
- Broadening our offering
- Expanding geographic reach

## Enabling growth:

- Simplicity
- Responsible retailing
- People performance

## Our values

Putting the customer first; Doing what's right; Winning together;  
Making ideas happen; Getting better every day

## Our vision

Better choice. Better value. Better life. Every day.

## Responsible retailing scorecard




# Making progress on our targets

This overview of the five priority areas in our responsible retailing strategy shows our progress against our Group-wide targets and commitments. We show our status according to the key below.

For more detail on our progress during the reporting year, see the Performance in 2014 section.

 Read more detail:  
See pages 15–43

Key:



-  Completed or on track
-  Behind expectation
-  Unsatisfactory

1 2 3 4 5

## Healthy living



Ambition:  
**Make healthy living choices easy**





Target/commitment	Progress	Status
Increase the sale of healthy products to at least 25% of total food sales by 2015 across the Group	<b>24.4%</b> healthy products	
Report on customers' perception of Ahold's businesses as leading healthy retailers	<b>67%</b> of our businesses are perceived to be the first or second healthy retailer in their region	

1 2 3 4 5

## Community well-being



Ambition:  
**Contribute to the well-being of our communities**

Target/commitment	Progress	Status
Measure and report on the number of stores participating in at least one community well-being event	<b>1,430</b> stores participated in community well-being events	
Measure and report on our donations	<b>€57 million</b> donated	
Measure and report on food donations to food banks	<b>€26 million</b> of food donated	
Measure and report on the number of children educated as part of our healthy living programs	<b>720,000</b> children educated	

## Responsible retailing scorecard (continued)

1 2 3 4 5

## Our people



Ambition:  
**Provide a better place to work, and support our associates in living healthy and sustainable lives**

Target/commitment	Progress	Status
Report on our progress on associate engagement	<b>68%</b> of associates feel engaged	
Report on our progress on associate participation in healthy living programs	<b>28,000</b> associates took part in healthy living programs	
Report on our progress on rolling out sustainability programs	<b>11</b> sustainability programs rolled out	

1 2 3 4 5

## Responsible products



Ambition:  
**Source our products – including their packaging – with respect for people, animals and the environment**

Target/commitment	Progress	Status
Ensure that 80% of our own-brand food suppliers are certified against GFSI-recognized standards by 2012	Europe: <b>97% suppliers certified</b> U.S.: <b>94% sales certified</b>	
Ensure that 100% of our own-brand suppliers in high-risk countries are audited on social compliance by 2012	Europe: <b>80% suppliers audited</b> U.S.: <b>72% suppliers audited</b>	
Source 100% of the six critical commodities for own-brand products in accordance with industry certification standards by 2015	Coffee: <b>83%</b> Tea: <b>82%</b> Cocoa: <b>40%</b> Palm oil <sup>1</sup> : <b>100% certificates</b> Soy <sup>1</sup> : <b>0%</b> Seafood: <b>44%</b>	
Report on the number of products reviewed against our 4R packaging guidelines	<b>1,704</b> products reviewed	

1 2 3 4 5

## Care for the environment



Ambition:  
**Reduce our environmental footprint**

Target/commitment	Progress	Status
Reduce CO <sub>2</sub> per square meter of sales area by 20% in our operations by 2015 against our 2008 baseline	<b>18.5%</b> reduction	
Report on the percentage of food waste compared to total food sales	<b>1-2%</b> of total food sales wasted	
Reduce the amount of disposable bags at the checkout in the United States by one billion bags by 2015	<b>546 million</b> bags reduced at our U.S. businesses	
Eliminate landfill as a disposal method by 2020	<b>16%</b> landfill globally	
Ensure that all businesses have implemented a communication policy to encourage customers to reduce, re-use and recycle by 2013	Communication policies in place at all our businesses	

<sup>1</sup> For more information see the data section on page 37.



## Stakeholder engagement

# Engaging with our stakeholders

As a major international retailing group with thousands of suppliers, employing over 227,000 associates, and serving a trading area of 90 million people, we have many different stakeholders who impact or are impacted by our business.

Our stakeholders include our customers, associates, communities (including governments, NGOs, academic / research institutes and industry bodies), shareholders and suppliers. We engage with these groups in various ways, including through stakeholder events, industry-wide conferences, roundtable discussions and supplier days. We do this in order to gain insight into their expectations and to share our progress with them. Listening to and engaging with our stakeholders enables us to better understand their needs. It also helps us to build our strategy and to identify the material topics which impact both our stakeholders and our company.

### Customers

Our customers are central to our business. We have promised to offer them healthy choices and provide products that are made with respect for people, animals and the environment. In addition, we aim to offer competitive prices combined with high product quality and a great shopping experience. We ask our customers what they think of our stores, assortment and service, including their perception of Ahold's brands as being healthy retailers. We receive feedback via third-party surveys, proprietary tracking studies and consumer panels, as well as directly from customers in stores and online.

### Associates

Engaged associates are key to our success. Their hard work and commitment define us as a leading international retailer. We constantly strive to make sure we provide them with an even better place to work, every day. We do this by creating workplaces built on fairness and mutual respect, and by maintaining strong businesses to drive stable jobs and provide opportunities for great careers. We respect and protect the rights of associates: we are committed to the principles of equal employment opportunities, freedom of association, and respecting the legal rights to collective bargaining. In the U.S. nearly 75,000 Ahold associates – or 65% of all associates in the U.S. businesses – are members of unions. Over 99% of our Netherlands-based associates are covered by collective bargaining agreements ("CAOs"). We maintain an open and honest company culture and carry out an annual associate engagement survey. In 2014, 81% of our associates participated in the survey globally.

### Communities

The communities where our customers and associates live are very important to us. Our businesses are committed to being active and engaged members of their communities. We do this through our initiatives, events and charitable contributions that support the communities and neighborhoods in which we operate.

### Shareholders

Our shareholders are crucial to our business; they put their trust in us by investing in Ahold financially. They monitor our company closely and challenge us on our strategy and how we manage our business. We meet with investors, including socially responsible investment (SRI) analysts, on a regular basis and work to broaden the investment community's understanding of our company by providing accurate and timely information on Ahold's performance and prospects. We continually engage with our shareholders in various ways, and our general meetings also provide an opportunity for them to engage with Ahold.

### Suppliers

We rely on our suppliers to deliver the high quality products our customers expect from us. Increasingly, we work in collaboration with our suppliers and engage with them in many ways, aiming to strengthen and improve our relationships. We hold supplier events to discuss a wide range of topics, including company strategy, sustainability, supplier diversity, and food safety. In addition, we hold a special supplier day during which awards are given out for good performance. Through the Albert Heijn Foundation in Africa we work to improve the livelihoods of Albert Heijn's African fruit and vegetable suppliers, which in turn supports their families and communities and helps us to secure long-term relationships with them.

In 2014 we engaged with our stakeholders in several ways:

### Fourth Responsible Retailing Stakeholder Conference

In April 2014, Ahold held its fourth annual Responsible Retailing Stakeholder meeting at our office in Zaandam, the Netherlands. The purpose of the event was to share progress on our responsible retailing strategy, and to find out what our stakeholders expect from us and how we can better meet their needs.

This annual event gives us the opportunity to engage with important stakeholders representing NGOs, the Dutch government, investors and other organizations. This year we provided an update on our 2015 strategy and specifically highlighted our health initiatives and the activities of the Albert Heijn Foundation. The event also included a roundtable discussion on several topics including critical commodities, health, social compliance and opportunities that exist for stakeholders to partner with us.

### Suppliers open doors for a day

In October 2014, Albert Heijn held a fun and educational event called "Be a farmer for a day," that invited our customers to experience what it is like to live and work on a farm and to provide more transparency on where our food comes from. A total of 41 Dutch and Belgian farmers who supply to Albert Heijn opened their gates to around 75,000 interested adults and children for one day. With the help of Albert Heijn associates, many fun activities involving farm life were offered, such as milking cows, playing farm-related games and taking care of the animals. Behind-the-scenes tours and presentations explaining the importance of farmers' knowledge of nature were also provided. Afterwards, all participating children received a special farmer's diploma. The day was a great success and received many positive responses in the media.

# Our material topics and our supply chain

## Introduction

We support the health and well-being of our customers, associates and communities. We source products responsibly and care about the environment. Associates throughout our businesses are engaged in putting responsible retailing into practice every day. Our responsible retailing priority areas (Healthy living, Community well-being, Our people, Responsible products and Care for the environment) are therefore from Ahold's view the material topics for our responsible retailing strategy.

Our responsible retailing priority areas have impact across our supply chain from our suppliers, producers and farmers, to our customers.

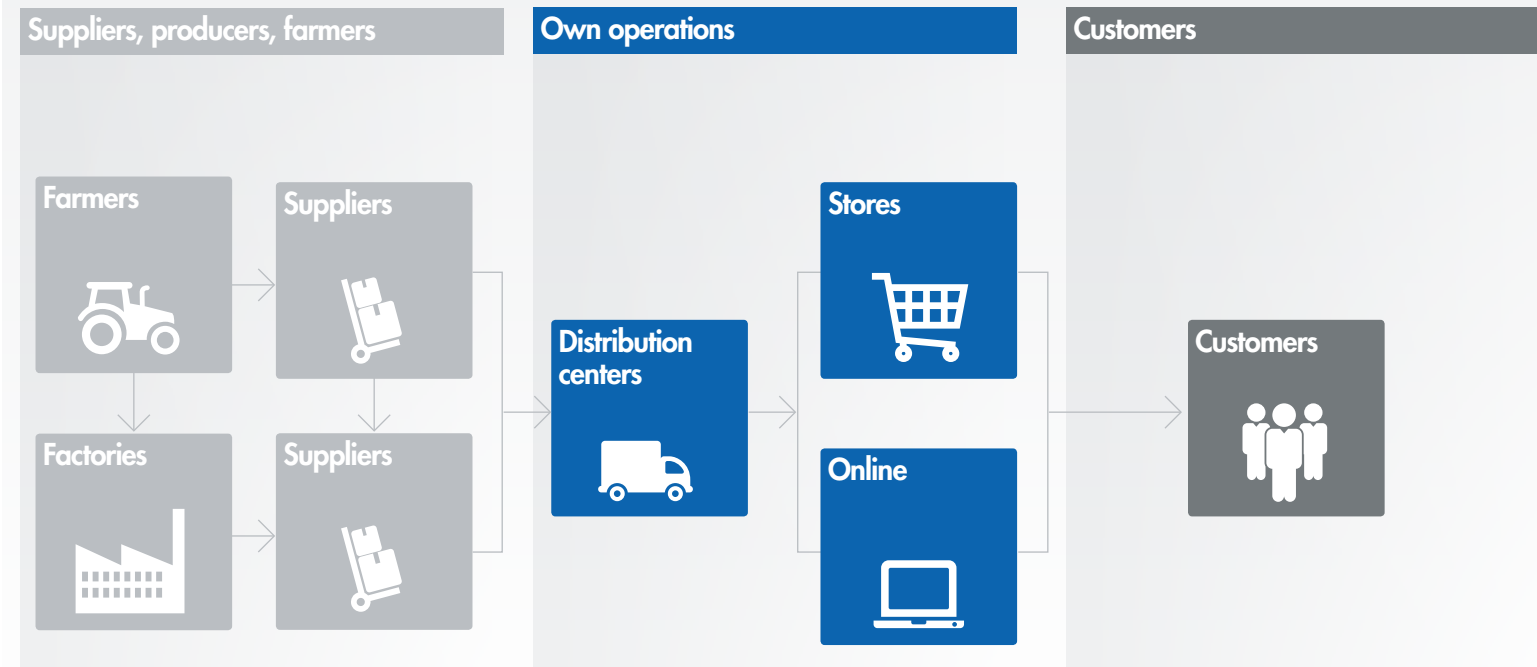
At Ahold, we believe it is important to understand where our products come from, so we can ensure that our own-brand products are safe, and are produced with respect for people, animals and the environment. As a major food retailer with thousands of own-brand products and a supply chain involving almost 6,000 suppliers and related production sites around the globe, this can be a complex task.

The production of our products starts at the farms that provide the raw materials, then on to the factories and other suppliers that move the products through the various stages of production.

When the final products are assembled, packaged and ready for sale, they are moved to our distribution centers, where the products are received and stored before being transported to our more than 3,200 stores. We also operate an online channel where our products can be purchased via the internet for home delivery or collection from a pick up point.

Eventually, the products are purchased and taken home for consumption by our customers.

## Our supply chain



## Our priority areas in the supply chain

Through our Responsible products area, we work with suppliers, producers and farmers at the beginning of the supply chain on topics – such as sustainable sourcing of critical commodities, social compliance of our suppliers, and packaging improvements. Food safety is not only covered with our suppliers, we also follow strict food safety requirements in our distribution centers and stores.

Care for the environment initiatives focus mainly on our own operations and include reducing our carbon emissions at our distribution centers and stores, and separating waste. We also support our customers in reducing their impact, e.g. in the area of food waste.

The Our people priority area is focused on our own operations and our Better Place to Work promise and includes health and well-being programs for our associates so they stay healthy and motivated in their work and home lives.

The focus on Healthy living lies with our associates and our customers, where we offer a healthy product assortment and encourage our customers, including children, to make healthier choices.

Our Community well-being priority area focuses on our customers and the communities in the neighborhoods surrounding our stores. We strive to make a difference by meeting community needs, fighting hunger and supporting children.

# Challenges

## Introduction

The world is changing faster than ever, and retail is being shaped by a range of factors. What are the opportunities and challenges Ahold is facing today – and tomorrow? Many of them have to do with large-scale shifts in fundamentals – climate and sustainability, social and cultural changes, as well as increasingly rapid globalization and digitalization.

Over the coming years, we will face this fast-changing landscape, leveraging the opportunities and challenges that arise. With over 3,200 stores, 227,000 associates, and a supply chain spread around the world, Ahold influences many people's lives through its actions, objectives and policies.

We have many stakeholders and the needs of these stakeholders are different per topic and per stakeholder group, and are not always easy to balance.

In addition, many factors impact our customer's choices, for example price, time, quality, sustainability and health. The need for our customer's to balance these factors leads to dilemmas that we believe are important for our stakeholders.

## Importance of health

Many of our customers have busy lifestyles and increasingly demand convenience. They want food that is easy to prepare, personalized offers and a convenient, flexible and inspiring shopping experience.

Customers are increasingly aware of the positive impact of food on a healthy lifestyle. They are also becoming more interested and knowledgeable about lifestyle-related diseases, allergies, and other health conditions that may be affected by diet.

As a food retailer with a huge reach, we have the opportunity to make a real difference to people's health and well-being. At the same time, customers can have difficulty in choosing sustainable and healthy products as these can be (perceived) as more expensive or not having the taste customers are used to. This means we have to experiment and innovate to help our customers make healthier choices.

## Transparency

Food is safer than ever today, and customers have a greater interest in what they eat and where it comes from. People are increasingly aware of the impact they can have on society and the environment through their consumption patterns and buying decisions. They want retailers to help them make responsible decisions and rely on them to ensure the integrity of the products and their supply chain.

At the same time, transparency is increasing and affects customers' and companies' behavior. For example, online tools and apps give customers easy access to knowledge about food-related health issues, as well as ingredients and production methods.

For customers, it is not always easy to understand all this information as there are so many different messages, and some of them are quite complex. At Ahold, we aim to communicate openly and clearly by providing more information on product ingredients and how our products are produced.

## Sourcing

With raw materials becoming scarcer and environmental concerns growing, a sustainable approach to sourcing is essential. We want to source the right products, at the right time, and with the right terms and conditions, in order to live up to our "Better every day" promise.

Our customers and stakeholders expect us to deliver products and services that take into account all dimensions: quality, sustainability, innovation, availability, social responsibility and price. It's not "either-or," but "and-and."

We have to align the expectations of our customers and other stakeholders and these can sometimes conflict, which makes sourcing a difficult balancing act. Going forward Ahold will continue to build its sourcing balancing skills.

## Animal welfare

Customers are increasingly interested in how the meat and poultry they buy is produced, while at the same time they remain price conscious. It is our aim to support continuous improvement of animals' living conditions, while also delivering safe, high-quality and affordable products. We respect local regulations on animal welfare, and our strict controls are frequently being reviewed externally.

As an example, our Dutch brand Albert Heijn has begun the introduction of a new breed of slower-growing chicken, known as Dutch Chicken.

## Food waste

We strive to buy the right amount of products for our customers while at the same time our customers expect our products to be available whenever they visit our stores. As a result not all products in our stores are sold before they near the end of their shelf life. This gives us an opportunity to help fight hunger by making food donations to support our local communities and to support new innovations such as our food rescue restaurant InStock in Amsterdam.

We also assume a role in supporting our customers to help them waste less food at home.



Our five priority areas are material to our business, relevant to our stakeholders, and offer opportunities for the biggest positive impact.

In this section, you can read about our progress on our targets in these areas, discover the programs and initiatives we carried out during the reporting year, and review the supporting data.



## Performance in 2014

Healthy living	15
Community well-being	19
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Responsible products	30
Care for the environment	38



## Performance during 2014

# Healthy living



### Why does it matter?

Food plays an integral part in health and well-being. Food retailers today offer billions of people around the world a wide variety of affordable and easily accessible food. This has contributed to the fact that people across the globe are living longer and staying healthier later into their lives, and hunger has decreased. Additionally, evidence shows that people in neighborhoods with easy access to supermarkets are more likely to meet recommended dietary guidelines.

At the same time, non-communicable diseases (NCDs) such as diabetes, heart disease and cancer are now the leading cause of death, and many of these illnesses are related to obesity. Today, 35% of adults in the U.S., and roughly 21% of adults in Europe are obese, and it is also a growing problem among children. Diet and lifestyle play a role in all of these issues. As a major food retailer with over 3,200 stores and several online platforms we believe we have an opportunity to make a difference to people's health, especially in relation to nutrition, by helping our customers to make healthier choices.

Awareness among our customers about food and health is continuously growing, new dietary trends are emerging, and we are seeing a demand for a wider range of new healthy products. We continually strive to increase the availability and affordability of healthy products and dietary needs on offer, improve product labeling and consumer information on nutrition, launch campaigns to encourage healthier food choices, and offer expert in-store nutritional advice. We also support educational events in the community that inspire children to eat healthier.

We work with the Consumer Goods Forum (CGF) to lead the industry, and as co-chair of the CGF health & wellness group, we support their ambition to help consumers adopt healthier lifestyles. For more information please visit [www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com)





## Performance during 2014 (continued)



### Providing clear product information

Compared to 30 years ago, people are eating less fruits, vegetables and fiber, and more salt, sugar and fat. This has contributed to rising obesity rates and an increase in lifestyle related diseases. Eating healthily is an important factor in reducing obesity levels and minimizing the risk of lifestyle related diseases.

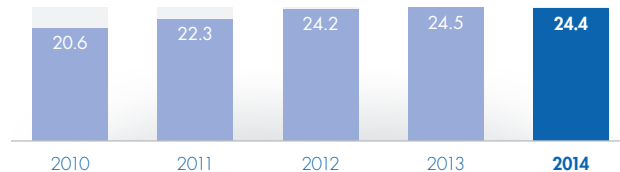
### Progress on our targets

To emphasize and increase the sales of healthy products, we set the following target:

Increase the sales of healthy products (as defined by criteria from leading health authorities) to at least 25% of total food sales by 2015 across the Group.

### Sales of healthy products

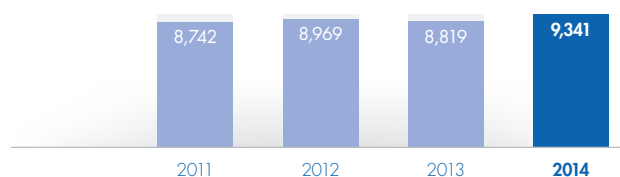
percentage of total food sales



Sales of healthy products made up 24.4% of our total food sales (24.5% in 2013). The number of products with a healthy logo or shelf tag increased to 9,341 in 2014 (2013: 8,819).

Healthy product sales as a percentage of total food sales increased in the Netherlands and Czech Republic. In the U.S. this percentage decreased, resulting in an overall decline. This decrease can be partly attributed to a lowering in price of fresh produce.

### Number of healthy products



### Ahold USA pilots new produce department

During 2014, Ahold USA piloted a new initiative in two stores named "Famous for Produce," involving the installation of an exciting new fresh produce department. The new department offers many new healthy choices for customers, including selections of local, exotic, organic and ethnic fruits and vegetables. It also features ready-to-eat cut fruits and vegetables, an orange juice machine, product samples and "Did you know?" information. Customer insights were leveraged to drive development of this health-focused initiative and to enhance the new shopping experience. Associates received specific training

about the new department and a marketing campaign was launched to raise awareness among customers. Their feedback on the resulting pilot has been very positive, as have sales figures. Following the success of the initial pilots, it was rolled out to 13 stores during 2014, and will expand further in 2015.



### Albert Heijn highlight's healthy options

More and more customers are seeking information and assistance in making the right choices for a healthier lifestyle.

In May 2014, Albert Heijn launched an initiative during which healthy product choices were given more visibility by means of a "helping hand" symbol displayed next to them, both in the stores and online. Albert Heijn provided healthy meal ideas for customers, and had in-store nutritionists on hand to offer tips and advice about healthy options, particularly in fresh fruits and vegetables and snack alternatives. Customers found the tips to be quick, easy, and affordable.

All Albert Heijn XL stores also gave away two blue and green bikes featuring the Choices Program logo to customers who had selected health-conscious products while shopping.



### Smurfs return to promote healthier products

In 2014, the Smurfs returned to Albert stores for the third year in a row, full of energy to make "back to school" preparations more fun and healthier for Czech children. Albert own-brand "I know what I eat" ("Vím co jím a piju") products (that meet defined nutritional criteria) were packaged in special Smurf-themed packaging to make them easy to spot.

During the campaign, customers earned points to collect Smurfs by purchasing over 200 CZK (€ 7.25) worth of these products. The campaign offered 14 different Smurfs and six kinds of fruits and vegetable figurines to be collected. A new microsite, [www.albert.cz/smolove](http://www.albert.cz/smolove), provided fun games and healthy recipes for children.



"The aim of our 2014 campaign is to teach children the principles of a healthy diet in a fun way. With the Smurf characters, popular among children, we not only stress the importance of fruit and vegetables, but also offer our customers many recipes for healthy breakfasts or snacks."

Zlata Ulrichová  
Marketing Director  
of the Albert stores



## Performance during 2014 (continued)



## Offering in-store assistance

Making choices about which products to buy can be very difficult, especially when there are many factors to take into account. For instance product quality, price, ingredients and number of calories. We try to assist customers in making informed healthy choices.

## Progress on our targets

We have a metric in place that measures our progress in helping our customers make healthy choices:

Report on customers' perception of Ahold's businesses as leading healthy retailers

## Customer perception as a leading healthy retailer

Position	1	2	3	4	5
Albert Heijn				Number 4	
Albert					Number 5
Giant Carlisle	Number 1				
Giant Landover	Number 1				
Stop & Shop New England		Number 2			
Stop & Shop New York Metro		Number 2			

Customer perception scores are based on research by independent market research agencies (g82 in the Czech Republic and SIRS Inc. in the U.S.) that conduct surveys of both our brands and our main competitors in the regions where we operate.

Customer perception for the Netherlands is based on the summer report from the research company GfK as GfK removed the health question from the survey conducted in the second half of 2014.

## In-store nutritionist program grows, offering more experts and children's clinics

Ahold USA's in-store nutritionist program offers customers an interactive and personal way to seek health, wellness and nutrition advice while shopping. Nutritionists are on hand to offer customers personalized plans, individual consultations, store tours and classes.

In 2014, the in-store nutritionist program was further enhanced by placing emphasis on the collaboration between pharmacist and nutritionist, increasing the number of experts available to assist customers, and offering new children's clinics.

During 2014 there were 13 nutritionists (up from 10 in 2013) and 134 trained pharmacists together covering 134 stores.

Our nutritionists also support events focused on healthy kids, including the Healthy Kids Summits. These Summits provide important health and well-being information in a fun and interactive way. In addition, Giant Food partnered with Ripken Baseball to organize ten free baseball clinics. In 2014, over 1,100 children took part in our Healthy Kids Summits and 10 Ripken Baseball Clinics.



## Promoting the importance of a healthy breakfast

Research shows that breakfast is the most important meal of the day, especially for children. A healthy breakfast provides energy and nutrients for the body each day and contributes to maintaining a healthy weight.

The National School Breakfast Week ("Het Nationaal Schoolontbijt") was developed to teach Dutch elementary school children about the importance of eating breakfast every day. In November 2014, Albert Heijn participated for the first time. During the event, 500 thousand Dutch school children from 2,500 elementary schools learned

together and shared a healthy breakfast. Many participating schools collected their Dutch Nutrition Center approved healthy breakfast at their local Albert Heijn.

Since it started 11 years ago, the National School Breakfast Week is the largest event of its kind in the Netherlands.

## Allerhande: inspiring healthy cooking for over 30 years

Albert Heijn's customer magazine, Allerhande, has been inspiring customers with cooking ideas for over 30 years. Each edition of the magazine includes a specific section for healthy recipes, and once a year, a special health edition is distributed with a focus on fresh produce. With a readership of more than four million people, Allerhande

is the most popular magazine among Dutch women and statistics show its website ([www.ah.nl/allerhande](http://www.ah.nl/allerhande)) is one of the most popular culinary website in the Netherlands. Albert Heijn promotes healthy choices through Allerhande and will continue to explore new opportunities in the future.



## Performance during 2014 (continued)



## The data

The sales of healthy products as a percentage of total food sales increased in both the Netherlands and Czech Republic during 2014, while in the U.S. this percentage fell by 0.6% on last year, resulting in an overall decrease of 0.1%. This decrease in the U.S. can be partly attributed to a lowering in price of fresh produce.

The number of healthy products in our assortment increased at all our businesses when compared to 2013.

Clear product information helps our customers to make informed choices. To make it easier for our customers to choose healthy products, we have developed healthy-choice logos and shelf tags. Products featuring these logos and shelf tags comply with strict criteria that are developed by leading health authorities. The criteria are available on our company websites.

The Ahold USA businesses Healthy Ideas criteria follow the dietary advice of leading governmental and health organizations including the Dietary Guidelines for Americans, MyPyramid.gov and the Code of Federal Regulations. The FDA and USDA are currently reviewing their recommendations including developing the Dietary Guidelines 2015. We will review our criteria when the Dietary Guidelines 2015 are published.

## Sales of healthy products

Percentage of total food sales <sup>1</sup>	2014	2013	2012	2011	2010
Ahold USA	<b>24.2</b>	24.8	24.5	24.1	22.3
The Netherlands <sup>2,3</sup>	<b>26.2</b>	25.9	26.0	21.5	20.5
Czech Republic	<b>12.8</b>	12.1	9.6	9.0	2.4
Total	<b>24.4</b>	24.5	24.2	22.3	20.6

<sup>1</sup> Sales of healthy products at Ahold USA include the sale of labeled national brands. The sales data for the Netherlands and Czech Republic include few national brands, as there was no uniform national labeling system.

<sup>2</sup> The percentage of healthy living sales in 2013 for the Netherlands is restated as we included our Belgium operations

<sup>3</sup> Sales for the Netherlands in 2012 and 2013 were restated due to the addition of some branded products

## Number of healthy products

	2014	2013	2012	2011	2010
Ahold USA <sup>1</sup>	<b>6,763</b>	6,643	7,126	7,008	NR
The Netherlands	<b>1,852</b>	1,567	1,384	1,301	1,214
Czech Republic	<b>726</b>	609	459	433	509
Total	<b>9,341</b>	8,819	8,969	8,742	NR

<sup>1</sup> 2010 data for Ahold USA has not been reported due to duplication of products among the different divisions.



# Community well-being



## Why does it matter?

We continually strive to improve the well-being of our communities, either through our own initiatives or by supporting existing programs organized by reputable charitable organizations. We focus our efforts on meeting community needs, fighting hunger and supporting children, as these are the areas we believe Ahold can have the greatest impact on.

With over 3,200 stores located on two continents, we have a great opportunity to be a better neighbor and support our communities. Our supermarkets are often central to many communities: most people buy their food from local supermarkets and visit them regularly, and we employ significant numbers of people from the local area. Living in a clean, safe and social neighborhood, and having access to healthy, nutritious food, as well as the opportunity to find a job, are important elements for a strong community.

These efforts are increasingly relevant as we see many of our communities being affected by global challenges. The gap between rich and poor has widened and unemployment levels, particularly among young people, have worsened since the global economic crisis of recent years. This has resulted in more people struggling to be able to pay for their basic needs, including food. For example, according to the U.S. Environmental Protection Agency (EPA), an estimated 50 million Americans do not have access to enough food, while, at the same time, food is the second largest category of waste going into municipal landfills. Also, the ethnic composition of many European countries and the U.S. is changing, and the number of people living alone is increasing.





## Performance during 2014 (continued)



## Meeting community needs

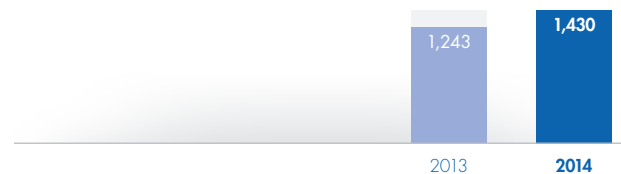
Meeting the needs of the neighborhoods surrounding our stores, through community events or donations, can make a real difference to those communities.

## Progress on our targets

In order to meet community needs we have committed to:

Measure and report on the number of stores participating in at least one community well-being event per year

## Number of stores participating in community events



In 2014, 1,430 of our supermarkets were involved in community well-being events.

Measure and report on our donations

## Contributions and donations

€ thousands



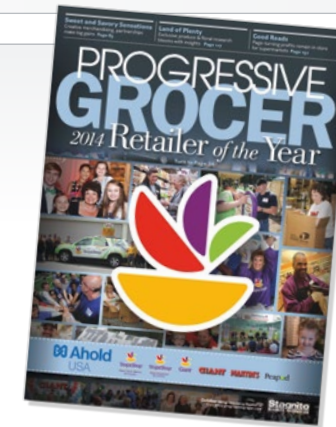
We donated over €57 million to a range of causes focusing on helping children, fighting hunger and building healthy communities. Donations included food and money from customers, suppliers and associates, as well as food and funds donated directly from the company.

## Ahold USA rewarded for leadership on community engagement

In 2014, Ahold USA was honored to receive leading industry magazine Progressive Grocer's highest annual honor: the Retailer of the Year award. This award was given primarily in recognition of Ahold USA's "vast and exceptional philanthropic contributions to the numerous communities served by its regional operating divisions." (Progressive Grocer magazine)

Progressive Grocer applauded Ahold USA for the in-kind and monetary donations given through its four divisions and its philanthropic Our Family Foundation, as well as its efforts to build greener stores, reduce waste and offer associates development opportunities.

Contributions to the community included donating funds to support children's health and nutrition, providing much-needed meat donations to food banks through the Meat the Needs program and supporting military members of the communities in Ahold USA's trading areas.



## Stop &amp; Shop celebrates centenary with "100 Days of Giving"

To celebrate its commitment to being a better neighbor in its 100th anniversary year, Stop & Shop marked the milestone with its "100 Days of Giving" initiative. Leading up to the company's anniversary, the Stop & Shop divisions donated \$1,000 to 100 non-profit organizations. The associates at 100 Stop & Shop stores were given the opportunity to nominate the charity of their choice to receive the donations. Throughout the campaign, store managers personally delivered 100 giant \$1,000 checks, cakes and balloons to the selected charities in a specially decorated 100th Anniversary vehicle.

Some of the organizations that received these donations were the Quincy Public Schools, Seekonk Veterans Memorial Park, Warm Shelter Inc., Dartmouth Police Athletic League, South Yarmouth Library and St. Mary's Home for Children.

## Clean and safe store environment at Albert Heijn

Our Albert Heijn colleagues work hard to ensure customers can shop in a safe environment every day. Each year, our store managers conduct a store safety scan, paying specific attention to safety agreements in the store and improving the area surrounding the store. They work together with other store keepers and the local municipality to ensure that items in the neighborhood such as defective streetlights and broken pavements are taken care of.

All this helps customers to feel safe and comfortable coming to shop in our stores, and makes our neighborhoods that little bit better.

As part of Albert Heijn's efforts to contribute to a clean environment they also participate in the "National Cleanup Day" ("Landelijke Opschoondag"). The aim of this annual initiative, organized by the Clean Netherlands Foundation (Nederland Schoon), is to clean up trash in the neighborhood. In 2014 Albert Heijn joined in, with more than 300 stores and 1,600 associates participating to make the immediate environment around the stores neat and tidy. Working together with hundreds of municipalities and companies to clean up the neighborhood gave everyone a positive feeling!



## Performance during 2014 (continued)



## Fighting hunger

Many people in the areas where we operate have access to affordable, nutritious food. At the same time the number of people making use of food banks is rising in the communities we serve.

Food waste is also an increasingly important topic for our stakeholders.

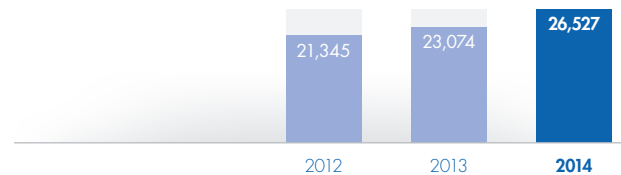
## Progress on our targets

Through our efforts to fight hunger in our communities and to reduce food waste from unsold products, we have committed to:

Measure and report on food donations to food banks

## Value of food donated to food banks

€ thousand



In 2014, we donated over €26 million worth of products to food banks. This is an increase of 15% compared to 2013. As we collaborate with our suppliers to fight hunger, our food bank donations include products from suppliers as well.

The increase is mainly driven by our efforts in the U.S. where we further expanded our food donations program. See the case study on Expanded range of food donations to help fight hunger for more information.

## Expanded range of food donations to help fight hunger

All Ahold USA's divisions have taken up the challenge to safely donate and divert as much of their excess consumable food as possible. This helps hunger relief efforts within the communities we serve, and complements our goal of achieving "zero waste to landfill" by 2020.

We have been working with regional food banks to donate an expanded range of safe, consumable food, which has become a game-changer in local hunger relief efforts. We learned that in addition to bread and other bakery items, food banks most needed protein. Through their Meat the Needs program, the Ahold USA divisions are donating

safe and wholesome high-quality meat to food bank partners.

Following the success of this program, Ahold USA took steps to expand its food donations even further. In 2014, they launched a pilot in three stores that also diverted own-brand and commercially packaged deli, frozen food and dairy products to food banks.

During the reporting year, Ahold USA and its divisions donated more than \$30 million to regional food bank partners, over 85% of which was food that would otherwise have been thrown away.



## Albert Heijn and customers collaborate to support food banks

A common challenge for Dutch food banks is acquiring the right kinds of products. The Arnhem Food Bank for example, on which almost 1,000 families rely for their weekly grocery supplies, experiences this problem. The food bank aims to provide families with a package that is as healthy, balanced, and complete as possible. But there are often some everyday items that are lacking, such as coffee and detergents.

In 2014, the Arnhem Food Bank worked with 20 Albert Heijn stores in the region to provide customers with a list of the hard-to-source products. Customers were then encouraged to choose an item from the range to donate while shopping for their other groceries. The stores also supported the food bank by providing space for the donated food to be collected, and made sure sufficient quantities of the listed products were available.

## Albert stores take part in National Food Collection

25 Albert stores across the Czech Republic participated in the 2014 National Food Collection, a nationwide charity food drive to help people living in difficult circumstances. Albert has been working on this initiative with the Czech Confederation of Food Banks and its partners for several years, during which it has been able to help more than 10 thousand people in need, such as underprivileged families, customers living in shelters and the disabled. The food is purchased in stores by customers to be donated to the collection baskets, which are then transferred to food banks.

In 2014, thanks to the generosity of our customers, Albert supplied over 17 metric tons of food, worth thousands of euros. Many Albert associates also volunteered to help organizers.





## Performance during 2014 (continued)



## Supporting children

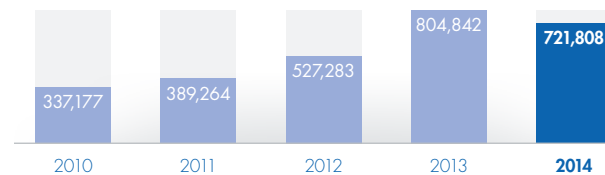
Childhood obesity and malnutrition are growing health issues. We have an opportunity to play a leading role in supporting children and educating them on nutrition, exercise and how to lead a healthy lifestyle, from which they can benefit for the rest of their lives.

## Progress on our targets

To do this we have committed to:

Measure and report on the number of children educated as part of our healthy living programs

## Number of children educated in healthy living



In 2014 we educated over 720 thousand children globally on healthy living – a decrease of 10.3% compared to 2013.

In the Netherlands more children were educated through healthy living programs compared to 2013, while numbers in the U.S. remained relatively stable. The overall decline in the total number of children we educated was due to the fact that less programs were executed by our Czech businesses compared to last year.

## Building new playgrounds for underserved neighborhoods

In September 2014, Ahold USA's Our Family Foundation coordinated the building of a new playground for local children in an underserved neighborhood of Bridgeport, Connecticut.

The goal of the project was to make this corner of Bridgeport "play-friendly" and encourage healthy activity for 300 neighborhood children. Approximately 500 Ahold USA and Stop & Shop New York Metro associates, vendor partners and community members partnered with KaBOOM! (U.S. national non-profit) to build the playground in just one day.

The playground is based on children's drawings and features new equipment not found in other playgrounds in the area, including equipment for special needs children. The space includes plenty of shade and seating for parents and caregivers to use while their children enjoy the playground.

This program was also carried out in other underserved neighborhoods, with eight playgrounds being built in the USA in total.



## "I eat better" program reaches more Dutch children

Many children do not eat enough fruits and vegetables to meet the daily intake recommendations. To encourage children in the Netherlands to eat more healthy food, Albert Heijn, in collaboration with the Dutch Nutrition Center ("Voedingscentrum"), developed the "I eat better" ("Ik eet het beter") program. ([www.ikeethetbeter.nl](http://www.ikeethetbeter.nl))

The year-round campaign offers fun, interactive and educational programs focused on healthy eating for elementary school children. In 2014, 368 thousand children in the Netherlands took part, an increase of 6 percent on last year.

During the program, children learned how to make healthy smoothies and what nutrients support a healthy body. Additionally, a "Question of the Week" was put online each week, testing the students' knowledge about healthy eating and exercise. Albert Heijn once again gave the students a healthy start to the school year by providing free tasty and healthy snacks for their first month back.

## Czech school children supported on improving diet

In its "How Czech School Kids Should Snack" campaign ("ak české děti svačičky"), Albert highlighted the fact that an increasing number of children in the Czech Republic are struggling with obesity and other health problems as a result of poor eating habits. It pointed out the importance of having a balanced and regular diet, using healthy snacks as an example. Albert implemented the project in collaboration with its "I Know What I Eat and Drink initiative" ("Vím co jím a piju") and with the help of nutritionists who offered expert advice about what a balanced diet could look like.

The Albert Foundation also participated in the project, through its Healthy 5 program dedicated to teaching healthy nutrition principles to school children.



## Performance during 2014 (continued)



## The data

## Donations

Our donations increased by 5.5% compared to 2013 which was mainly driven by our 15% increase in food bank donations. The increase is a result of our efforts in the U.S. where we further expanded our food donations program. In the Netherlands our food bank donations declined as the Netherlands has a strong focus on reducing food waste in their operations.

Donations included food and money from customers, suppliers and associates, as well as food and funds donated directly from the company.

## Children educated on healthy living

In the Netherlands more children were educated through healthy living programs compared to 2013, while numbers in the U.S. remained relatively stable. The overall decline in the total number of children we educated was due to the fact that less programs were executed by our Czech businesses compared to last year.

Contributions and donations<sup>1</sup>

€ thousand	2014	2013	2012	2011	2010
Ahold USA	54,523	50,592	52,181	37,098	36,283
The Netherlands	2,442	3,255	3,262	3,085	2,089
Czech Republic	575	697	776	820	960
Total	57,540	54,544	56,219	41,003	39,332

<sup>1</sup> Including food bank donations.

## Value of food donated to food banks

€ thousand	2014	2013	2012	2011	2010
Ahold USA	25,300	21,378	19,492	–	–
The Netherlands	1,027	1,497	1,781	–	–
Czech Republic	200	199	72	–	–
Total	26,527	23,074	21,345	–	–

Number of children educated in healthy living<sup>1</sup>

	2014	2013	2012	2011	2010
Ahold USA	296,427	310,369	56,562	29,537	31,871
The Netherlands	368,004	347,233	374,283	305,139	297,306
Czech Republic	57,377	147,240	96,438	54,588	8,000
Total	721,808	804,842	527,283	389,264	337,177

<sup>1</sup> All businesses have web-based programs that include estimates of the number of children educated based on the number of downloads of the program.



# Our people



## Why does it matter?

Ahold's associates are our most important asset and are at the heart of our success. Their hard work and dedication to serving our customers help set us apart from our competitors and is key in allowing us to successfully reshape retail. Ensuring our people are engaged, healthy and satisfied in the workplace is crucial, and research proves that a happy workforce performs better.

We are committed to meeting best practices on working conditions, providing opportunities for career development, giving recognition for good performance and fostering a culture built on fairness and respect. Workplace and human rights are respected at all levels, according to all relevant local standards and regulations, and diversity is valued throughout the organization.

We offer initiatives for our associates to encourage healthy and active lifestyles. Such initiatives are appreciated by associates and result in them having a more positive outlook at work and providing better service to our customers. Ahold's associates can also take ownership of our commitments to being a better neighbor within our communities and reducing our environmental footprint, as they are involved in rolling out our responsible retailing programs every day.



## Performance during 2014 (continued)



### Providing a better place to work

We constantly strive to be a better place to work for our associates. We aim to create workplaces built on fairness, respect and safety, and we value diversity at all levels of our organization.

#### Respect each other

Ahold's global Code of Conduct reflects our commitment to workplaces characterized by mutual respect, equal opportunities, and freedom from discrimination and harassment. Local toll-free ethics helplines are available for associates to report any concerns about possible violations of the Code or other behavior.

We respect associates' legal rights, including the right to bargain collectively, and standards regarding freedom of association outlined in the United Nations Global Compact.

A diverse workforce is important for Ahold companies to create successful teams, and we implement programs that support inclusion.

#### Good working conditions

Healthy associates are likely to have more energy, have lower absenteeism, and are likely to be able to contribute more at home and at work. We therefore encourage our associates to lead healthier lifestyles by having healthy living programs in place.

#### Opportunities to develop

Managers at Ahold endeavor to understand the career interests of their associates, and offer constructive feedback. We offer training and education to promote growth and career development.

#### Support from my manager

Ahold's managers strive to coach and support their associates to make our businesses better places to work. Associates are also ambassadors for responsible retailing as they are often in direct contact with customers, and engage with colleagues and communities where they work.

#### Recognition for performance

We aim to create an environment where performance is measured, recognized and encouraged, so that our associates are able to perform to the best of their abilities and meet their potential.



### Albert creates favorite supermarkets

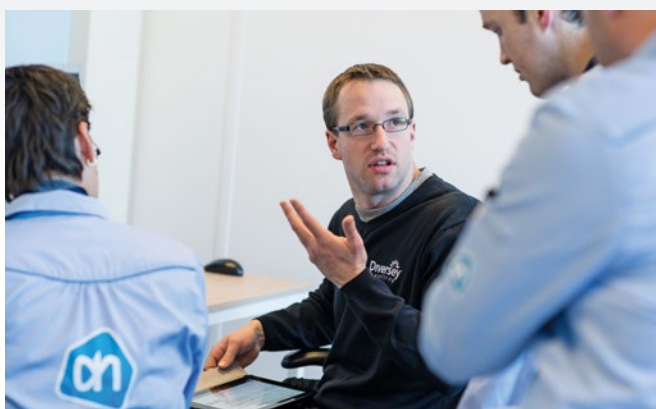
During 2014 Albert rolled out a program to make every one of its supermarkets a favorite among both customers and associates, as it becomes a better place to shop and a better place to work. Its aim is to build a stronger relationship with customers through more engaged and empowered associates.

The program recognizes that associates are an essential part of the stores and have valuable opinions about where improvements are needed. The goal is to put a better partnership in place – one where associates' contributions are encouraged and valued and managers engage their teams in the company

strategy. Some concrete actions that have been taken are changes to the way meetings are run, new activities in the stores (including "associate of the period" contests), and better store security.

The program has led to a new way of working, building on the "promises dialogues" that had already been implemented at Albert, and is helping associates better engage with customers at the stores where it has been rolled out.

The "Favorite" program is already underway in more than 70 stores and is being rolled out in more stores in 2015.



### Albert Heijn prepares associates for their first career step

Albert Heijn supports young associates during their education by providing jobs and offering their first working experience. By working alongside their studies, our associates become well prepared for the job market and are able to finance their education at the same time.

When functioning well, associates can work with Albert Heijn throughout their full school and study period. They develop themselves in a professional way and receive support in finishing their education. Different tasks and jobs are provided to associates, increasing their experiences so they are able further

develop themselves. There is also an advantage for Albert Heijn, as having a strong group of young associates supports strategic workforce planning.

In 2014 Albert Heijn signed an agreement with "SierkTeam" ("StrongTeam") to strengthen the position of young people entering the job market, and therefore decrease youth unemployment. Albert Heijn provides internships with a good balance between education and work, and teaches young people to work better in teams.

For more information please visit <http://www.ditissierkteam.nl/>

### Supporting associates in driving performance

Performance management is about having the right people – with the right skills. As a company, we strongly believe that capable and engaged people drive better results. In addition, our ambitions require a wider range of different skills and management capabilities than we have in the business today. As a result, we are developing our people to support our growth ambitions.

In 2014 we further rolled out our performance management system to our more than 3,200 stores.

This means our associates have access to a career development tool which enables them to focus on their talents so they can reach their full potential.

As part of our performance management system, we also encourage associates to have an Individual Development Plan (IDP). An IDP is a structured plan focused on keeping associates' skills up to date for their current roles, learning something new for a special project, and sometimes, preparing for a new role.





## Performance during 2014 (continued)



## Engaging our associates

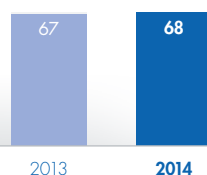
Our people are our most important asset. It is their hard work and commitment that drives Ahold to succeed in reshaping retail. It is therefore crucial that we engage with them. Engaged, satisfied associates are known to perform better. So, we seek out and value feedback from associates.

### Progress on our targets

To do this we committed to:

Report on our progress on associate engagement

### Percentage engaged associates



In 2014, all of our businesses conducted one aligned associate engagement survey. The response rate was up to 81%, the highest level in three years. Overall engagement was also up 1% to 68% this year, which was a good result during a difficult year when a lot of change took place in our businesses.



### High response to engagement survey

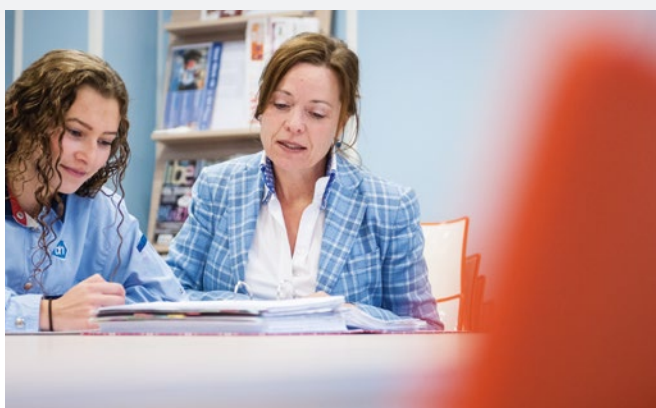
The purpose of our engagement survey is to measure associate engagement against multiple dimensions including our Group-wide "better every day" promises, and to work out how we can improve in the future by sharing and acting on the survey results.

In 2014 the response rate to our engagement survey was a record-breaking 81% of our total workforce, and the overall engagement increased to 68%.

2014 was also the first year that we achieved Ahold-wide alignment on all the questions in the survey. Across the

company, we distributed posters to stores and distribution centers showing the main results of the survey, including the three highest scoring questions and the three lowest scoring questions. Associates participated in a process to create action plans across stores, distribution centers and support office departments globally.

Several company strengths identified from survey results included safe work environments, job training and clear job expectations. Several points of improvement for the company were also identified, including continuing to improve communication with associates.



### Albert Heijn's homework class program expands

Many of our Albert Heijn associates are attending school in addition to working parttime. Both Albert Heijn and the schools believe it is very important that our young associates complete their studies in order to have more options in life as adults.

To support them in this, Albert Heijn stores in Amsterdam have been offering free homework tuition for associates in cooperation with "Youth Inc: experience how it works" ("iINC: ervaren hoe 't werkt"). This organization provides educational and vocational counseling

for young people, as well as homework tutors. The classes are designed to motivate participants to succeed at school.

In 2014, 40 Albert Heijn stores in Amsterdam offered the classes, (up from 25 stores in 2013) and two stores in Utrecht also began piloting the program.

### Albert Heijn to increase young disabled workforce

Albert Heijn is among the largest employers of young disabled people ("Vajongers") in the Netherlands, with more than 600 Vajongers currently working across all company-owned stores. Following the Dutch Participation Act that came into force on January 1, 2015, Albert Heijn will take the lead among food retailers by increasing its recruitment program for young disabled people, aiming to employ 2,000 such associates by 2016.

People with disabilities working at Albert Heijn are given regular tasks that are adapted to their capabilities. Experience has shown that young disabled people are highly motivated and loyal, which creates a great working atmosphere and has a unifying effect on store teams. In general, customers respond positively to young disabled people in our stores.



## Performance during 2014 (continued)



## Healthy associates

Healthy associates who feel supported with well-being and sustainability programs are more likely to feel good about working in our businesses, and this has a positive effect on the service we offer to our customers.

### Progress on our targets

In order to provide a better place to work we committed to:

Report on our progress on associate participation in healthy living programs

Report on our progress on rolling out sustainability programs

### Number of participants in healthy living programs



During 2014, over 28 thousand participants across all our businesses took part in healthy living programs, an increase of over 1,000 participants compared to 2013.

Additionally, in 2014 there were 11 sustainability programs in place for associates, such as the Green Captains Program, the Albert Heijn homework classes and our "Wajongers" program.

### Free flu shot for Ahold USA associates

Every year in the United States, 5% to 20% of the population comes down with influenza, resulting in lost productivity, lost wages and increased medical expenses. One way to prevent this is by receiving a flu shot, and Ahold USA made that easy for its associates in 2014. During the fall of 2014, Ahold USA offered all associates free flu vaccinations, normally costing \$35, to help them maintain their health and wellness throughout the colder months.

This initiative was part of the company's Healthy Ideas for Associates program designed to engage associates on the importance of taking care of their health. In total, over 15 thousand associates received flu shots in 2014.

We were glad to see that so many associates took the opportunity to protect themselves from catching the flu.



### Health and team spirit benefit through "Fit & Fun"

Fit & Fun is a health program offered to Ahold associates in the Netherlands, through which they can register and receive discounts on a variety of fitness activities.

Fit & Fun offers clinics on nutrition and smoking cessation, as well as more traditional fitness activities such as dance and movement, boot camp, and other exercise classes. Water sports are also offered.

Since its launch in 2008, Fit & Fun has been a great success. The program has proved to be a good way for associates to get to know their colleagues through

healthy activities, outside of the busy work environment. Team spirit is often strengthened when associates try out a new sport together for the first time.

In 2014, over nine thousand associates took part in Fit & Fun activities.

In the Czech Republic, associates also have access to a health and wellness program. Associates at Albert are provided with a Multisport Card, giving them access to healthy living programs, sports events and relaxation activities. In 2014, 1,085 Albert associates were able to make use of their Multisport Cards.

### Green Captains continue to motivate colleagues

Ahold USA has set itself the ambitious target of "zero waste to landfill by 2020" as part of our Better Neighbor promise. To make this happen requires a strong commitment from associates. Ahold's Green Captain program identifies store associates who can take the lead on environmental initiatives. This includes our waste program where the Green Captains motivate their colleagues to maintain strict waste separation methods. Being part of this program is rewarding for associates, as it means they are having a positive impact on the environment while at the same time advancing their careers by taking on more responsibility.

In 2014, the Green Captains played a crucial role in scaling up associate participation in Ahold USA's waste separation activities. More organic waste was separated in 2014, diverting it from landfill and allowing it to be used as compost and animal feed.





## Performance during 2014 (continued)



## The data

The majority of the data relating to Our People disclosures remained stable during 2014, as there were no major changes to the way we operate our businesses.

The data in the tables is based on the following Ahold businesses: for Ahold USA, the four retail divisions Giant Carlisle, Giant Landover, Stop & Shop New England and Stop & Shop New York Metro – as well as Peapod and the USA support organization. For Ahold in the Netherlands, the four retail divisions Albert Heijn, Etos, Gall & Gall, bol.com, as well as the support offices are included. For Ahold in the Czech Republic the retail division Albert and the Czech support organization are included. For the data from 2010-2012 we included the data from our Slovakia business which was sold in 2013.

During the reporting year, there was an overall increase in the number of associates by 5,000 compared to 2013, bringing the total to 227,000 across all Ahold businesses. This increase can be attributed to the opening of additional stores across our markets.

## Number of associates

Thousands	2014	2013	2012	2011	2010
Ahold USA	115	117	121	117	116
The Netherlands	97	94	93	89	85
Czech Republic	15 <sup>1</sup>	11	11	12	12
Total	227	222	225	218	213

<sup>1</sup> Includes associates from SPAR.

## Percentage of workforce by contract type

	2014		2013		2012		2011		2010	
	Full-time	Part-time	Fulltime	Parttime	Full-time	Parttime	Full-time	Part-time	Full-time	Parttime
Ahold USA	28	72	28	72	28	72	29	71	30	70
The Netherlands	14	86	13	87	13	87	14	86	14	86
Czech Republic	53	47	53	47	68	32	67	33	74	26

## Percentage of workforce by gender

	2014		2013		2012		2011		2010	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Ahold USA	47	53	47	53	47	53	47	53	47	53
The Netherlands	55	45	53	47	53	47	53	47	53	47
Czech Republic	79	21	81	19	81	19	80	20	80	20

## Performance during 2014 (continued)



## The data

The combined membership of the Executive Committee and the Supervisory Board increased by one during the reporting period. This new male member of the Supervisory Board altered the gender composition of Ahold's leadership slightly, bringing the total number of males in leadership roles at Ahold to 11, while the total number of females in leadership roles remained stable at four.

## Percentage of workforce by age

	2014					2013					2012					2011					2010				
	<20	20's	30's	40's	50+	<20	20's	30's	40's	50+	<20	20's	30's	40's	50+	<20	20's	30's	40's	50+	<20	20's	30's	40's	50+
Ahold USA	12	28	14	15	30	12	29	13	16	30	16	28	13	16	27	14	28	13	17	28	16	26	13	18	27
The Netherlands	54	26	6	7	7	56	23	6	8	7	57	22	7	8	6	57	21	8	8	6	58	20	8	8	6
Czech Republic	1	23	29	25	22	1	23	30	25	21	7	28	25	21	19	1	23	30	24	22	1	23	30	24	22

## Composition of Ahold's leadership

	2014		2013		2012		2011		2010	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Executive Committee	2	5	2	5	—	4	—	4	1	4
Supervisory Board	2	6	2	5	2	6	2	6	3	5
Total	4	11	4	10	2	10	2	10	4	9

# Responsible products



## Why does it matter?

As a major food retailer with thousands of own-brand products and a complex supply chain involving almost 6,000 suppliers globally, we are aware that our production processes can have impacts on people, animals and the environment. We have a responsibility to avoid or reduce these impacts, and share our stakeholders' concerns on topics such as product safety, food fraud, social accountability and deforestation.

Ahold's Responsible Products strategy has driven many improvements in the way we approach the sourcing and production of our own-brand products. We focus on five key areas: food safety, social compliance, critical commodities, hot-spots in our supply chain and packaging.

Food safety is critical in providing our customers with good quality food that is safe for consumption, and we are constantly working to reduce our vulnerability to food fraud. Social compliance ensures accountability for working conditions within our supply chains.

Ahold also seeks to improve the sustainable sourcing of six critical commodities used in producing many of our own-brand products: coffee, tea, cocoa, soy, palm oil and seafood. The industries supplying these commodities face challenges including deforestation, loss of biodiversity, poor working conditions and overfishing.

Packaging has impacts on the environment throughout its life cycle, including the raw materials used, the production process, transportation, and disposal. So, we are continually working to improve our own-brand product packaging to reduce our environmental footprint.

Many of the issues we face cannot be solved alone, and need a more holistic, often industry-wide approach. Therefore we work with organizations including the Consumer Goods Forum, Food Marketing Institute and EuroCommerce, as well as NGOs including the World Wildlife Fund (WWF) and the New England Aquarium.





## Performance during 2014 (continued)



## Ensuring product safety

Food and non-food safety is critically important to Ahold. We therefore require our food suppliers to comply with standards beyond those that are legally required. Our food suppliers are expected to be Global Food Safety Initiative (GFSI) certified. For our non-food suppliers we take a different, risk-based approach. For suppliers of high-risk products we require a third-party audit or certification. For supplies of low- and medium-risk products, we request safety assurance in the form of product laboratory tests and product inspection reports confirming legal compliance and compliance with specific additional Ahold safety requirements.

We map our own-brand suppliers at the last-stage of production. By this we mean the last stage in our supply chain where our own-brand products are manufactured or produced.

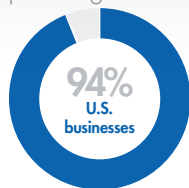
## Progress on our targets

To ensure food safety, we have set the following global target:

Ensure that 80% of our own-brand food suppliers are certified against Global Food Safety Initiative (GFSI) recognized standards by 2012

## Food safety (GFSI)

percentage of own-brand food suppliers GFSI certified



At the end of 2014, 97% of our own-brand food suppliers in Europe had been certified against a GFSI-recognized standard (93% in 2013). In the U.S., 94% of our own-brand food sales came from suppliers that had been certified against a GFSI-recognized standard (81% in 2013).

## Local Czech bakeries supported on food safety improvements

Albert in the Czech Republic recently made the switch from using large industrial bakers to smaller, regional bakery suppliers located closer to the stores they supply to. While this change was appealing to customers who like to "buy local," it brought some challenges in terms of food safety certification according to Ahold approved standards. When engaging the smaller bakeries as suppliers, we found that they had mixed approaches to the set-up, processes, equipment, and ingredients used in production. This meant that not all

suppliers were able to initially receive GFSI certification. So, we initiated a process to audit them ourselves and support them in making improvements by identifying the changes required to meet our standards. Cooperating with regional bakers both is developing a more positive perception among our customers and helps to generate regional employment, while at the same time allowing us to offer the same or even better prices than when we worked with large suppliers.



## Taking the lead on food fraud prevention

Following food fraud scandals in 2013, the Global Food Safety Initiative (GFSI) called on the food industry and its stakeholders to address the issue. The GFSI established a think tank to come up with a proposal on how to include key elements for food fraud prevention within the GFSI Food Safety Audit process. Ahold, together with other stakeholders, played a leading role in this proactive group that, in July 2014, released a proposal with the full support of the GFSI Board and the food safety certification scheme owners involved.

In conjunction with the GFSI work and with the support of the non-profit organization SSAFE, a food fraud vulnerability assessment tool has been developed for food operators. Ahold again worked with other companies and Wageningen University to develop this science-based tool to better understand potential supply chain vulnerabilities. Workshops to validate the work were held all over the world involving representatives from various stakeholder groups.

## Our distribution further strengthened on food safety

At Ahold, we consider food safety as crucial within our supply chain as well as within our own operations. In 2014, food safety within our own-brand logistics – covering transport, storage warehouses and distribution centers – in the Czech Republic and the Netherlands were strengthened by achieving certification according to the Food Safety Management System ISO 22000. This certification shows our customers and other stakeholders that a food safety management system is in place and has been audited by a third party.

This accomplishment demonstrates our commitment to continually strengthening our performance on food safety.



## Performance during 2014 (continued)



## Improving social compliance

The International Labour Organization (ILO) conventions set out international requirements relating to child labor, forced labor, discrimination, compensation, working hours, and other labor conditions.

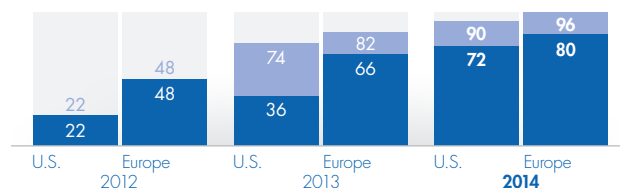
As an international retailer, we play a role in improving working conditions in the supply chain of our products. We therefore have Standards of Engagement in place for all our suppliers, which are publicly available on our website, [www.ahold.com](http://www.ahold.com). In addition, we require our own-brand suppliers in high-risk countries to be audited on social compliance to ensure acceptable working conditions.

### Progress on our targets

To make sure our products are produced with respect for people, we have set the following target:

Ensure that 100% of our own-brand suppliers in high-risk countries are audited on social compliance by 2012

**Social compliance** percentage of suppliers in high-risk countries audited on social compliance



For our European businesses, at the end of 2014, 80% of our last-stage production sites in high-risk countries had been audited against BSCI or equivalent standards – (66% in 2013). For the U.S., 72% of our last-stage production sites in high-risk countries had been audited against BSCI or equivalent standards (36% in 2013).

Some of our suppliers have undergone a social audit against a standard that we do not deem to be BSCI-equivalent. We consider these standards to be a stepping stone to full BSCI-compliance. When taking into account these social compliance audits, the percentage of last-stage production sites that have been audited is 96% for Europe (up 14% compared to 2013) and 90% for the U.S. (up 16% compared to 2013).

## Continued focus on social compliance

At Ahold, we find it important that our suppliers treat their workers with respect. To support this, we have a strong supplier screening process in place to ensure suppliers meet our standards. These supplier expectations are outlined in the Ahold Standards of Engagement, which form part of every buying agreement. We require all own-brand suppliers located in high-risk countries to show that they have been audited against an Ahold-approved social compliance standard (Business Social Compliance Initiative (BSCI) or equivalent).

Their audit reports must at the minimum confirm the absence of child labor, bonded labor and unsafe factory conditions. However if there are findings in an audit report relating to non-compliance with other issues, the supplier is given the opportunity to develop and implement an action plan to resolve these over time, after which a re-audit occurs.

As a result we were able to increase the number of audited suppliers in the U.S. by 36% points.



## Albert Heijn Foundation

Albert Heijn has been sourcing fruit and vegetables from Africa for many years. To ensure the quality of the products they source and to make a positive contribution to the current and future living conditions of employees who work with our African suppliers every day, the AH Foundation was founded in 2007. Albert Heijn and their suppliers donate part of their proceeds to this fund. The donations are invested in local projects with a focus on housing, education and medical care.

This is done in collaboration with development organization ICCO. The AH Foundation operates mainly in Kenya, Ghana, South Africa and Zimbabwe.

Many projects the foundation runs are a success. Not only the suppliers but the whole community benefits. For example, life long learning centers are built in remote areas for seasonal workers and other people living in these communities – all with the goal of improving the living conditions for these people.

## Ahold among leaders in fair supply chains

In June 2014, a report was released entitled "EU Action Needed for Fair Supermarket Supply Chains" which revealed findings from a survey on the labor standards and purchasing practice policies of 25 leading food retail chains in seven EU countries. The survey was launched due to concerns over the influence large supermarkets have on food production and consumption, which can lead to unfair trading practices (UTPs). UTPs can impact consumer prices and variety, suppliers' profitability and competitiveness, and working conditions in the developing world.

The survey focused on policies related to supplier labor standards (including requirements on local minimum wage) and fair purchasing practices (including relevant staff training), as well as evidence of policy implementation.

Of the 25 food retailers included in the survey, Ahold Netherlands was ranked second, and was one of only two companies that received a 'good' score (out of good, average, poor and very poor). The scores were based on evidence of policy implementation and cooperation with the survey.





## Performance during 2014 (continued)



## Focusing on critical commodities

In improving the sustainability of our own-brand products, we pay particular attention to six critical commodities (coffee, tea, cocoa, palm oil, soy and seafood). These commodities are basic ingredients or generic products that potentially have an adverse impact on several sustainability issues at the beginning of the supply chain.

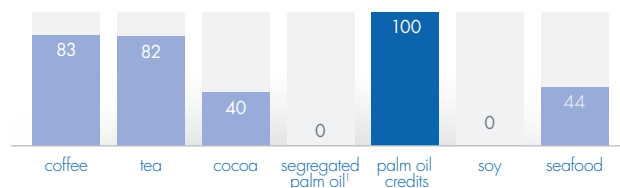
## Progress on our targets

To ensure that the critical commodities we use in our own-brand products are produced with respect for people, animals and the environment, we have set the following target:

Source 100% of the six critical commodities for own-brand products in accordance with industry certification standards by 2015

## Critical commodities

percentage of sales certified against industry standards



At the end of 2014, 83% of coffee, 82% of tea, 40% of cocoa, 0% of soy, 0% of palm oil, and 44% of seafood were sourced according to accepted industry certification standards. All percentages are based on sales of our own brands.

To make progress towards our target, we work both independently and with other relevant stakeholders engaged with these critical commodities. Independently, we have been conducting various analyses to achieve a deeper understanding of our supply chain, where our products and ingredients come from, and how they are produced. By engaging with other food retailers, NGOs, governments and industry associations on round table discussions and other relevant initiatives, we have been able to drive improvements in supply chain transparency and the sustainability of production processes in these industries.

<sup>1</sup> For more information see the data section of page 37

## A level playing field for sustainable seafood

Food safety certification programs are benchmarked against the Global Food Safety Initiative (GFSI) requirements, which include a set of core requirements to ensure that these schemes are credible in assuring food safety. Schemes that meet these requirements receive GFSI-recognition, which creates a level playing field in the sourcing of our own-brand products. No similar set of core requirements currently exists for sustainable seafood certification programs being used across the industry in the sourcing of seafood products. To fill this gap, Ahold joined others in founding the Global Sustainable Seafood Initiative

(GSSI). Established in 2013, the GSSI is a multi-stakeholder group (made up of food retailers, seafood suppliers, NGOs and others) that is developing a benchmarking model based on relevant guidelines from the Food and Agriculture Organization of the United Nations (FAO). Once finalized seafood certification schemes will be able to apply for GSSI-recognition if they demonstrably meet the requirements through a process of benchmarking. Ahold is proud to be involved on the board of this ground-breaking initiative that will create a level playing field with the sustainable seafood industry.



## Ahold USA one of the first retailers to introduce UTZ Certified own-brand products

Albert Heijn helped to found UTZ Certified when working on an initiative to help a Guatemalan coffee supplier to improve the sustainability of its farming practices. Following the success of this initiative, many other companies expressed interest in conducting similar projects. It has since become an independent organization and product certification, and Ahold has continued to work with UTZ Certified to improve the sustainable farming of other commodities such as cocoa and tea. Based on the positive relationship formed in the Netherlands, Ahold USA has also

begun working with UTZ Certified, and made the ground-breaking decision to source UTZ Certified coffee for 42 of its own-brand Simply Enjoy varieties as well as its "wedge" and Guaranteed Value own-brands. In addition, Ahold USA launched its first UTZ Certified cocoa products and our U.S. divisions' stores are the first supermarkets in the country offering own-brand UTZ Certified sustainable chocolate bars on their shelves. These initiatives put Ahold USA on the leading edge of sustainability in own-brand products among U.S. supermarkets.



## Albert Heijn works with suppliers on sustainable soy

Ahold supports the Consumer Goods Forum (CGF) resolution on deforestation.

The farming of commodities like soy and palm oil, and the production of paper, can result in deforestation. By sourcing these commodities and products more sustainably, the members of the board of the CGF pledged to work together to help achieve zero net deforestation by 2020.

Ahold is also a member of the Round Table on Responsible Soy (RTRS), which supports the responsible production and trade of soy. In the Netherlands, the supply chains of animal-derived products

have agreed on a transition plan towards certified sustainable soy, so that all the soy used in the production of our own-brand products in the Netherlands will be sustainable by 2015.

We are working with our livestock suppliers to map the amount of sustainable soy we are using and to eventually fully make the switch to using soy that meets the RTRS Standard for Responsible Soy Production. By the end of 2014, 9% of our estimated soy consumption was sustainable.





## Performance during 2014 (continued)



## Sustainability analysis of own-brand supply chain

In 2014, we continued to analyze and review our own-brand products for the social, environmental and animal welfare risks involved in their production.

### Progress on our targets

To ensure more sustainable products, in 2010 we set the following target:

Map the environmental footprint of 50% of our own-brand suppliers and their supply chains by 2015

As reported last year, we no longer report on this target. When this target was set, we were looking at ways to map the footprint of our suppliers in detail. We recognize that we can have a greater impact if we focus on so-called "hot-spots" linked not only to environmental but also to social and animal welfare issues.

We now conduct an analysis of our own-brand assortment to screen for any potential risks linked to environmental, social and animal welfare issues in our own-brand supply chain. This analysis helps to set policies and improve the sustainability of those products.

In 2013, we reported that our U.S. and European businesses conducted analyses for the sustainability risks involved in the production of our own-brand products. In 2014, we conducted a review at Group level and for our businesses in the Netherlands. We took steps to start addressing several identified "hot-spots," including those relating to our own-brand paper and floral supply chains.



## FSC certification of own-brand products

Globally, one out of three trees is processed into pulp, the semi-finished product used for paper.

Paper producers often do not know the origin of the paper. Especially in Indonesia, the paper industry is a major contributor to deforestation. The FSC-certification for paper has strict requirements on the origin of the paper.

Albert Heijn signed a partnership agreement with the WNF. The WNF sees FSC at this time as the label that offers the best guarantee for sustainable forest management. Valuable nature and the rights of local people are therefore better protected under the FSC certification than other timber labels.

Our own-brand products such as toilet paper, diapers, napkins, and paper towels already carry the FSC label. In 2015, we will make the transition to using FSC paper for our Allerhande magazine and the Albert Heijn bonus leaflet.

## Albert Heijn helps establish demand for sustainable flowers

In the cultivation of flowers and plants, it is important that growers provide good working conditions for employees and meet certain environmental conditions.

To ensure they are selling responsible flowers, Albert Heijn has chosen to exclusively sell "fair" flowers. These flowers, mostly sourced from Africa, are grown with respect for people and the environment. The growers provide good working conditions for their associates – the majority of whom are female – and meet certain environmental requirements.

The "fair" label in the floriculture sector is regulated by various certification systems, such as MPS-Socially Qualified (relating to social conditions), MPS-GAP and MPSA (both relating to sustainable production conditions).

Albert Heijn has teamed up with Hivos to improve working conditions for women on African flower farms. This collaboration started in 2014 with an initiative marking all bunches of roses sourced from Africa to raise awareness on this issue.



## Albert Heijn and partners promote sustainable food products

In 2014, Albert Heijn, the National Postcode Lottery (NPL) and Unilever collaborated on an initiative aimed at increasing the amount of customers that buy sustainable products. Research showed that price and habit are the two main barriers preventing more customers purchasing sustainable products.

Based on this knowledge, the partners launched a promotion called "Make it sustainable" ("Doe maar lekker duurzaam") to encourage customers to eat more sustainable food. Approximately 2.5 million Dutch households participating in the NPL

received a gift card that enabled them to buy AH puur & eerlijk and sustainable Unilever products at Albert Heijn over a four-week period. They also received a booklet with recipes for meals that could be created with these products.

During four weeks of the promotion, over 1.2 million cards were activated and over €12 million was spent on sustainable products. This made the campaign successful in breaking customers out of their habits by introducing them to a whole range of sustainable products.

More information can be found at [www.doemaarlekkerduurzaam.nl](http://www.doemaarlekkerduurzaam.nl)

## Performance during 2014 (continued)



### Improving packaging sustainability

Packaging is a key component of our own-brand products and fulfills several functions, including delivering the products in optimal condition to our customers and improving their shelf life. At the same time, packaging can create a lot of waste materials. We are working to minimize waste resulting from our own-brand packaging throughout its entire lifecycle, without diminishing its protective function. To achieve this, all new and updated own-brand products are measured against our "4R" packaging guidelines:

**Reduce:** reduce the weight and volume of packaging without negatively affecting the quality of the product.

**Re-use:** make our packaging re-usable, re-fillable or re-closable, where possible, to reduce waste.

**Recycle:** use recycled material in packaging as much as possible, and make it easier to recycle the packaging used. This includes ensuring that materials are easy to separate.

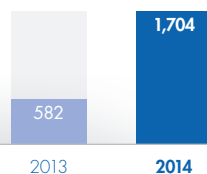
**Renew:** use renewable and certified sustainable materials where possible, such as Forestry Stewardship Council (FSC) certified paper, when recycled materials are not feasible or available.

### Progress on our targets

We therefore committed to:

Report the number of products reviewed against our 4R packaging guidelines

### Number of products reviewed against packaging guidelines



During the reporting year, we reviewed 1,704 new and updated products against these guidelines.



### Major reduction in cardboard packaging achieved

In 2014, Ahold USA Own Brand Sourcing identified an opportunity to work with their supplier partner to reduce the amount of packaging used in the shipping of their own-brand 1,000-sheet single-roll toilet paper. They were able to remove corrugated cardboard from the supply chain by shipping the product in 20-count packages, ready for the store shelves, rather than in larger units combined into cardboard cases.

The toilet paper began shipping in the new packaging in June 2014, and since then, Ahold USA has eliminated approximately 36,000 cardboard cases from the transport process.



### Albert Heijn reduces plastic produce packaging

As in many countries, plastics make up a major part of the municipal solid waste stream in the Netherlands, and the majority comes from containers and packaging. While plastic recycling is increasing each year and less plastic is going to landfill, reducing the amount used in packaging is still an important focus area.

Since 2011, Albert Heijn and one of its fruits and vegetable suppliers, Bakker Barendrecht, have been looking at ways to reduce the packaging of their products while maintaining product quality and safety. They have successfully reduced plastic in the packaging of multiple products, and in 2014 took the plastic wrapping off fruits and vegetables altogether during the summer months, when the turnover of these products is so high that it is not needed to maintain freshness. Through all of these activities, Albert Heijn has saved over 400,000 kg of plastic since 2011.



## Performance during 2014 (continued)



## The data

## Food safety

At the end of 2014, 97% of our own-brand food suppliers in Europe had been certified against a GFSI-recognized standard, while in the U.S., 94% of our own-brand food sales came from suppliers that had been certified against a GFSI-recognized standard. The increase in these percentages compared to 2013 can be attributed to the fact that many food safety initiatives we were already working with received GFSI-recognition in 2014.

## Social compliance

To ensure acceptable working conditions in our supply chain, we have Standards of Engagement in place for all our suppliers and require our own-brand suppliers in high-risk countries<sup>1</sup> to be audited on social compliance. At the end of 2014, for our European businesses, 80% of our last-stage production sites in high-risk countries had been audited against BSCI or equivalent standards. For the U.S., 72% of our last-stage production sites in high-risk countries had been audited against BSCI or equivalent standards. The audits we recognize as BSCI or equivalent are:

Business Social Compliance Initiative (BSCI), Ethical Trading Initiative (ETI) / SMETA, Intertek Workplace Conditions Assessment (WCA), Social Accountability (SA) 8000, Rainforest Alliance / SAN, Fairtrade / FLO-CERT, MPS – Socially Qualified (SQ), Initiative Clause Sociale (ICS), Sustainable Agriculture in South Africa (SIZA) and Floverde. We also recognized ICTI-CARE as an Ahold-accepted standard (even though it is not BSCI equivalent) because it is the best practice in the toy industry.

## Number of Fairtrade certified products at year-end

Our customers increasingly want a wider assortment of sustainable products available in our stores, and we are continuously looking at introducing products certified by trusted labeling schemes that work to improve conditions for people, animals and the environment. During 2014, there was an increase in the number of Fairtrade certified products on offer in both our Dutch and U.S. businesses (with 11 and 75 new Fairtrade products introduced respectively, compared to 2013), while in the Czech Republic there was a decrease.

<sup>1</sup> The classification of a high risk country is based on the Business Social Compliance Initiative (BSCI), which in turn uses the Worldwide Governance Indicators (World Bank).

## Food safety (GFSI)

Percentage of own-brand food suppliers GFSI certified	2014	2013	2012
U.S. businesses <sup>1</sup>	94	81	70
European businesses <sup>2</sup>	97	93	84

<sup>1</sup> For our U.S. businesses, the percentage is calculated as a percentage of sales.

<sup>2</sup> For our European businesses, the percentage is calculated as a percentage of suppliers.

## Social compliance

Percentage of suppliers in high-risk countries audited on social compliance <sup>1</sup>	2014	2013	2012
U.S. businesses	72	36	22
European businesses	80	66	48

<sup>1</sup> When taking into account social standards other than BSCI, BSCI-equivalent or recently expired programs, the percentage of suppliers that have been audited rises to 90 for our U.S. businesses and 96 for our European businesses.

## Number of Fairtrade certified products at year-end

	2014	2013	2012	2011	2010
Ahold USA <sup>1</sup>	347	272	251	160	NR
The Netherlands	145	134	127	141	96
Czech Republic	4	12	4	–	–
Total	496	418	382	301	NR

<sup>1</sup> 2010 data for Ahold USA has not been reported due to duplication of products among the different divisions.



## Performance during 2014 (continued)



## The data

## Number of certified organic products at year-end

We are continuously looking at introducing more products certified by trusted organic labeling schemes into our assortment to meet customer demand, and report annually on the number of these products available at our businesses. During 2014, there was a slight increase in certified organic products on offer in the assortments of our U.S. businesses, a significant increase at our Dutch businesses – where the new organic products on offer more than doubled compared to 2013 – while in the Czech Republic there was a slight decrease.

## Critical commodities

We pay particular attention to six critical commodities (coffee, tea, cocoa, palm oil, soy and seafood) in improving the sustainability of our own-brand products. At the end of 2014, 83% of coffee, 82% of tea, 40% of cocoa, 0% of soy, 0% of palm oil, and 44% of seafood were sourced according to accepted industry certification standards. All percentages are based on sales of our own brands. As we cannot yet directly link the amount of segregated palm oil to products with 100% accuracy, 100% of our estimated palm oil use (in 2014, 4,000 tons) has been offset using GreenPalm certificates. Additionally, when taking into account seafood standards other than Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices 2 Star (BAP), the percentage of certified seafood sales rises to 53.

## Accepted certifications for critical commodities

	UTZ	FAIRTRADE	MSC	ASC	BAP	GREENPalm	RTRS
Coffee	✓	✓	✓				
Tea	✓	✓	✓				
Cocoa	✓	✓	✓				
Palm oil						✓	
Soy							✓
Seafood			✓	✓	✓		

## Number of certified organic products at year-end

	2014	2013	2012	2011	2010
Ahold USA <sup>1</sup>	4,388	4,333	3,821	2,916	NR
The Netherlands	1,081	500	526	447	407
Czech Republic	240	284	262	299	332
Total	5,709	5,117	4,609	3,662	NR

<sup>1</sup> 2010 data for Ahold USA has not been reported due to duplication of products among the different divisions.

Critical commodities <sup>1</sup>

percentage of sales certified against industry standards	Ahold USA			The Netherlands			Czech Republic			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Coffee	46	20	8	99	99	100	100	100	–	83	79	83
Tea	12	6	–	100	100	95	33	32	–	82	85	82
Cocoa	1	–	–	98	94	93	31	3	–	40	35	32
Palm oil	–	–	–	–	–	–	–	–	–	–	–	–
Soy <sup>3</sup>	N/A	N/A	N/A	–	–	–	–	–	–	–	–	–
Seafood <sup>2</sup>	50	12	12	36	33	18	12	14	13	44	25	14

<sup>1</sup> The percentage of each critical commodity that is sustainably sourced is the percentage of sales that have been certified based on key products within selected categories in the Netherlands, Czech Republic and United States. See Reporting process for the list of key products and associated categories.

<sup>2</sup> When taking into account seafood standards other than Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices 2 Star (BAP), the total percentage of certified seafood sales rises to 53%.

<sup>3</sup> Ahold USA is not included as mainly North American soy is used in their supply chains which is not causing deforestation issues. For the Netherlands we estimate our 2014 sustainable soy consumption to be around 11%. Given the complexities in the soy supply chain, we are currently unable to reliably measure the actual percentage of sustainable soy. As a result, we have not reported any figures for soy in the table above. We are working on the improvement of our measurement procedures in order to be able to report our soy percentage in the near future.

# Care for the environment



## Why does it matter?

Climate change has become the overarching environmental challenge of our time.

Playing a role in caring for the environment is no longer a “nice to have”; it is fully embedded in our customers’ expectations of us. But there is also a financial benefit, as running our operations with care for the environment is good for the bottom line, too.

While our direct contribution to climate change is relatively limited, we are focusing on two key areas where we can make improvements – reducing both CO<sub>2</sub> emissions and waste going to landfill. The products we offer in stores also have environmental impacts, which is why we are working to make our own-brand products more sustainable – see the Responsible products section for more information on this.

Every day across our operations, new technology is being installed and programs are being implemented to reduce our environmental footprint, which at the same time is saving costs. Through changes to areas that include lighting, refrigeration, and waste separation, we are making progress on our environmental targets.

Our reach is further than our own operations. Food waste, for example, can occur at many points in a food product’s life cycle: from waste at manufacturer level, to unsold items in our stores, to the food that customers throw away.





## Performance during 2014 (continued)

Reducing CO<sub>2</sub> emissions

Climate change remains an important global issue. Reducing our CO<sub>2</sub> emissions is good for the environment as well as having financial benefits for our company. Using less energy results in lower operational costs.

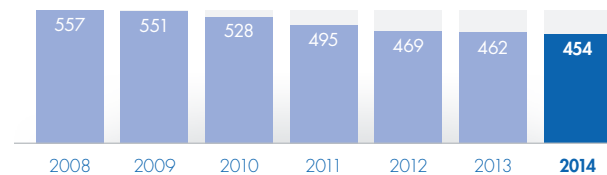
## Progress on our targets

We have set the following target in relation to our energy consumption:

Reduce CO<sub>2</sub> per square meter of sales area by 20% in our operations by 2015 against our 2008 baseline (557 kg/m<sup>2</sup>)

CO<sub>2</sub> emissions

kg per square meter of sales area



At the end of 2014, we have achieved a 18.5% reduction in CO<sub>2</sub> emissions at Ahold businesses against our 2008 baseline, or 180 thousand metric tons.

## Ahold businesses embrace switch to LED lighting

Switching to energy efficient LED lighting is a smart way to reduce both CO<sub>2</sub> emissions and costs across all Ahold businesses.

Ahold USA's divisions installed thousands new LED fixtures to replace existing lighting in stores, saving over 63 million kWh of electricity annually, following a program to test energy-efficiency ideas in the Giant Food store in New Cumberland, Pennsylvania. The ideas tested as part of the program achieved 39% less energy usage in that store. Ahold USA prioritized the seven most

compelling initiatives for initial roll-out in 2014 – including upscaling the use of LED lighting – in a project that delivered around \$7 million in net savings during the year.

Albert Heijn in the Netherlands switched to LED lights in all its distribution centers during 2014 and in certain sections of its stores, and went even further by piloting four new stores entirely lit by LED. After realizing a 40% reduction in electricity consumption in these pilot stores, Albert Heijn will go ahead and make LED lighting standard in all stores.



## Gas trucks a win-win for efficiency and environment

Albert Heijn has been looking for a solution for making deliveries to neighborhood stores before 7am and after 7pm while also meeting noise restrictions on heavy vehicle traffic outside normal business hours. This would allow more flexibility in planning and would help stores run more efficiently.

After meeting with carriers, truck manufacturers and fuel suppliers to brainstorm, it became clear that expanding the fleet of quieter trucks that run on natural gas would allow for the early and late deliveries. This is also a win for the environment, as using natural

gas for fuel emits around 15% less CO<sub>2</sub> than the previously used diesel, and driving the trucks in off-peak traffic also reduces fuel usage due to less stopping and starting in traffic jams.

In 2011, pilots were commenced and now over 90 trucks are running on natural gas in the Netherlands. In the coming years we will continue increasing the number of trucks driving on natural gas.

In combination with Albert Heijn's efforts, Ahold USA also commenced a pilot using six natural gas trucks.

## Eco-friendly improvements for refrigeration underway in Dutch stores

The eco-friendly refrigerant CO<sub>2</sub> is set to become the standard refrigerant used in all new refrigeration systems installed in Albert Heijn stores. With over 200 Albert Heijn stores already running hybrid CO<sub>2</sub> systems, and successful pilots using full CO<sub>2</sub> refrigeration installations now completed in three stores, it is clear that using CO<sub>2</sub> as a refrigerant reaps both environmental and financial benefits. The new installations also use waste heat produced from the cooling systems in the refrigerators to heat the stores.

As a result, we no longer need to use gas heaters in these stores, eliminating the gas consumption that would be used to run a separate heating system.

We also worked with a third party to create a new refrigerant substance (XP40) with a lower global warming potential, to be used in our existing refrigeration systems. Over 50 stores have already been retrofitted with the new substance and we will continue retrofitting our stores in the coming years.





## Performance during 2014 (continued)



## Reducing waste

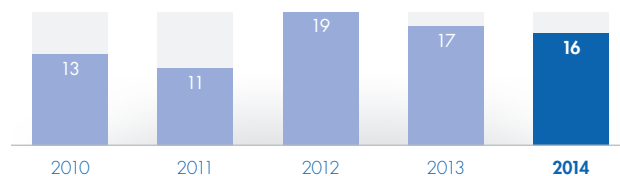
We strive to reduce and dispose our waste in a way that minimizes our environmental footprint. Since landfill has a negative environmental impact, we work to find ways of giving items that are recyclable or biodegradable a second life. Reducing the availability of plastic bags in stores is also one of the ways we can encourage customers to waste less plastic.

## Progress on our targets

We therefore set the following targets:

Eliminate landfill as a disposal method by 2020

## Landfill as percentage of total waste

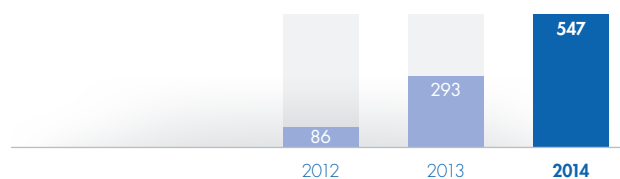


In 2014, 60% of our waste was re-used, recycled, or recovered, while 16% went to landfill (17% in 2013).

Reduce the amount of disposable bags at the checkout in the United States by one billion bags by 2015

## Cumulative bags saved (US)

millions



In 2014, the Ahold USA divisions reduced the number of disposable bags by 547 million bags compared to the 2011 baseline.

## U.S. waste separation goes from strength to strength

By separating waste more effectively we can increase the amount of organic waste used for composting or animal feed and decrease the amount that goes to landfill or to be incinerated.

During 2014, Ahold USA diverted 68% of its total waste from landfills and or incineration.

Associates at our Ahold USA divisions continued to take on a greater role in separating organic waste during 2014 thanks to the Green Captain Refresher Training, which focused on how the different waste types generated within our stores should be separated.

For more information on our Green Captains program see the *Our people* section.



## Ahold USA introduces re-usable plastic bags

Billions of plastic bags end up in our waste streams each year, and take many years to break down. Ahold USA has been working to reduce plastic bags distributed in its stores through its Billion Bag Reduction Program.

In September 2014, Ahold USA introduced a new, economical and reusable bag to customers in all of its stores. They collaborated with their Dutch colleagues to develop the new bag, as Albert Heijn has been offering similar bags for several years.

The new bags cost only \$0.10 each and are 100% recyclable. They are designed to reduce the environmental impact of single-use plastic bags. When packed correctly, each bag can hold more than three times the weight of a standard plastic bag, enabling customers to use fewer bags. They are durable and remain intact during transit and reuse, eliminating the need for double bagging, and are also comfortable and easy to carry.

## “Young Ahold Best Idea” winners open restaurant that tackles food waste

It is estimated that about one-third of global food production is wasted. This has not gone unnoticed by our associates. As part of the 2014 Young Ahold Best Idea competition, four young, entrepreneurial associates presented the idea of opening a restaurant focused on reducing food waste.

Their idea was selected as the best idea for 2014. Four months later, the first restaurant to tackle the issue of food waste, named Instock, was opened. At Instock, located in the heart of Amsterdam, chefs prepare meals using food that is not suitable for sale in Albert Heijn stores for various reasons but is still good for consumption. Instock aims to make people more aware of the problem of food waste while providing inventive dishes and serving a different three-course meal.

For more information visit [www.instock.nl](http://www.instock.nl)



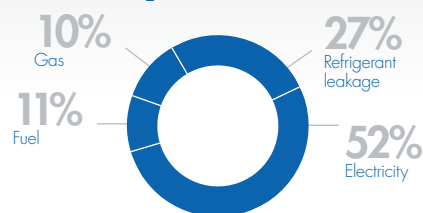
## Performance during 2014 (continued)



## The data

Our carbon emissions decreased during 2014 mainly due to our lowered electricity consumption. This is a direct result of our energy saving initiatives.

Refrigerant leakage increased, mainly in our U.S. operations, due to significant leaks in a few of our stores.

Contribution to our CO<sub>2</sub> emissionsCO<sub>2</sub> emissions<sup>1,2,3</sup>

	Volume (thousands of metric tons)					Efficiency (kg per sq. m. of sales area)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	1,527	1,528	1,508	1,578	1,633	519	517	514	551	584
The Netherlands	301	311	315	323	346	261	281	296	311	341
Czech Republic	209	218	233	221	238	533	557	598	572	618
Total	2,037	2,057	2,056	2,122	2,217	454	462	469	495	528

1 CO<sub>2</sub> emissions comprise electricity, leakage of refrigerant substances, gas, fuel and district heating. Given the limited impact of district heating, we do not report on this separately.

2 Since the consumption of all elements is not measured in CO<sub>2</sub> kilograms, conversion factors are used. Historical data are corrected for the change in conversion factor. See CO<sub>2</sub> conversion factors section for more details on the methodology applied.

3 370 GWh ((372GWh in 2013) of the electricity consumed have a zero conversion factor, as green energy certificates were purchased in 2014 for this quantity.

## Electricity consumption

	Volume (millions of kWh)					Efficiency (kWh per sq. m. of sales area)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	2,007	2,082	2,110	2,109	2,128	682	705	719	736	761
The Netherlands	573	562	551	553	544	496	508	518	534	535
Czech Republic	216	223	234	242	236	550	570	600	626	615
Total	2,797	2,867	2,895	2,904	2,908	623	644	659	677	693

Leakage of refrigerant substances<sup>1</sup>

	Volume (metric tons)					Efficiency (as percentage of total refrigerants)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	173	166	160	182	205	13.4	12.9	12.2	14.2	16.0
The Netherlands	21	22	24	23	27	5.5	5.8	6.6	6.9	8.3
Czech Republic	11	11	14	9	11	11.1	11.3	13.8	9.6	11.8
Total	205	199	198	214	243	11.6	11.3	11.2	12.5	14.3

1 Refrigerants measured include CFCs, HCFCs and HFCs.

## Performance during 2014 (continued)



## The data

Our fuel consumption decreased in 2014 as a result of better transport planning and our initiatives to introduce more energy efficient trucks.

A severe winter in the U.S. during the reporting period increased our gas consumption, mainly used for heating our stores.

Our overall waste production remained relatively stable compared to 2013.

## Fuel consumption

	Volume (thousands of liters)					Efficiency (liters per 1,000 products sold)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	<b>48,285</b>	48,371	49,350	51,024	49,588	<b>6.2</b>	6.0	6.2	6.4	6.5
The Netherlands	<b>23,991</b>	24,241	24,620	26,019	27,266	<b>3.6</b>	3.6	3.6	3.9	4.1
Czech Republic	<b>5,886</b>	6,133	6,162	6,471	6,411	<b>2.8</b>	2.9	2.8	2.9	3.0
Total	<b>78,162</b>	78,745	80,132	83,514	83,265	<b>4.7</b>	4.7	4.7	4.9	5.1

## Natural gas consumption

	Volume (thousands of cubic meters)					Efficiency (cubic meters per sq. m. of sales area)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	<b>83,321</b>	78,099	70,446	73,790	69,963	<b>28.3</b>	26.4	24.0	25.7	25.0
The Netherlands	<b>16,094</b>	20,054	20,403	20,903	24,220	<b>13.9</b>	18.1	19.2	20.2	23.8
Czech Republic	<b>3,788</b>	4,694	4,883	5,080	5,676	<b>9.7</b>	12.0	12.5	13.2	14.8
Total	<b>103,203</b>	102,847	95,732	99,773	99,859	<b>23.0</b>	23.1	21.8	23.3	23.8

## Waste production

	Volume (millions of kg)					Efficiency (kg per sq. m. of sales area)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	<b>424</b>	424	430	420	428	<b>144</b>	143	146	147	153
The Netherlands	<b>129</b>	125	118	118	118	<b>112</b>	113	111	114	117
Czech Republic <sup>1</sup>	<b>34</b>	33	35	36	35	<b>86</b>	85	89	94	92
Total	<b>587</b>	582	583	574	581	<b>131</b>	131	133	134	139

<sup>1</sup> Excluding meat waste



## Performance during 2014 (continued)



## The data

In 2014, we were able to increase the percentage of organic waste and reduce our other types of waste. This is due to our program on separating organic products from other waste and our increased focus and training of our associates on waste separation through the Green Captains program. As a result of this, our landfill decreased to 16% and we re-used, recycled or recovered 60% of our waste.

Additionally, our water consumption reduced and water efficiency improved during 2014.

## Waste by type

Percentage of waste	Ahold USA					The Netherlands					Czech Republic					Total				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Organic	15	13	9	7	6	29	28	27	27	27	8	8	18	20	20	18	16	13	12	11
Cardboard	45	45	44	45	44	53	54	56	55	55	42	42	42	41	41	46	45	46	47	47
Wood	7	6	6	6	5	–	–	–	–	–	1	1	1	1	1	5	5	5	4	4
Metal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Plastic	1	1	1	1	1	3	3	3	3	3	3	3	3	3	3	2	2	2	2	1
Other	32	35	40	41	44	15	15	14	15	15	46	46	36	35	35	29	32	34	35	37
Total waste	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

## Waste by disposal method

Percentage of waste	Ahold USA					The Netherlands					Czech Republic					Total				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Re-used, recycled or recovered waste	63	59	56	57	54	56	57	60	61	58	51	45	46	44	44	60	58	57	57	54
Fermented waste	–	–	–	–	–	29	28	27	27	27	4	5	4	3	3	7	6	6	6	6
Compost waste	5	6	4	2	2	–	–	–	–	–	3	6	7	8	8	4	4	3	2	2
Incinerated waste	14	15	16	29	29	15	15	13	12	15	3	7	11	11	11	13	15	15	24	25
Landfill waste	18	20	24	12	15	–	–	–	–	–	39	37	32	34	34	16	17	19	11	13
Total waste	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

## Water consumption

	Volume (millions of liters)					Efficiency (liters per sq. m. of sales area)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Ahold USA	3,499	3,622	3,459	3,139	3,252	1,188	1,226	1,179	1,095	1,163
The Netherlands	466	467	442	465	456	403	422	415	448	449
Czech Republic	289	310	NR	NR	NR	739	793	NR	NR	NR
Total	4,254	4,399	NR	NR	NR	947	988	NR	NR	NR

Responsible retailing at Ahold is managed at all levels of the organization. Find out more about our governance structure in this section, as well as some of the recognition we've received from external third parties for our efforts in responsible retailing.



## Strategy and approach

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## Our governance structure

Koninklijke Ahold N.V. is a public company under Dutch law with a two-tier board structure. Our Management Board has ultimate responsibility for the overall management of Ahold. We also have an Executive Committee comprised of our Management Board as well as certain key officers of the Company. The Executive Committee is led by the Chief Executive Officer and is accountable to the Management Board. The Management Board is supervised and advised by a Supervisory Board. The Management Board and the Supervisory Board are accountable to Ahold's shareholders.

The governance of Ahold's responsible retailing (RR) activities applies to all Ahold's financially consolidated operations in both Europe and the United States, as defined in our Scope of reporting. RR at Ahold is managed at all levels of the organization, from a designated Executive Committee (ExCo) member to individual leads for each of the five priority areas at each of our businesses. Within the ExCo, Chief Legal Officer (CLO) Jan Ernst de Groot is responsible for RR and Product Integrity (PI).

The Vice President Responsible Retailing (VP RR) is responsible for Ahold's Group-wide RR Strategy, for global reporting against Ahold's RR Strategy internally and externally, for engaging external stakeholders on Ahold's RR strategy and for monitoring RR-related trends and managing RR-related issues and risks.

The Vice President Product Integrity (VP PI) is responsible for product safety and our responsible products activities. Globally, reporting on our progress is managed by our finance function. Within our businesses, the CEO is responsible for RR. In each business a dedicated RR team manages the RR strategy, activities and programs. Reporting in our businesses is managed by their finance function. We also have designated reporting leads who are responsible for coordinating the reporting process and gathering the information for our RR Reports. Specific data (e.g. electricity consumption, number of healthy living products sold, etc) are collected by designated content owners working within our businesses.

Responsible retailing is managed globally through the RR steering committee which is chaired by the CLO and includes the VP RR, VP PI, RR leads, and commercial representatives. This committee meets four times a year to review progress against our targets, to review any proposed revisions to the strategy, including new or modified targets, and to provide recommendations to the ExCo.

We also have a Product Integrity Steering Committee in place. This committee meets twice yearly to review product-related policies, and to provide recommendations to the ExCo. It is also chaired by the CLO, and includes the VP PI, VP RR, PI leads, and commercial representatives.

### Supervisory Board

#### Executive Committee

Dick Boer  
President and  
Chief Executive Officer;  
Chairman of the  
Management Board

Jeff Carr  
Executive Vice President and  
Chief Financial Officer;  
Member of the  
Management Board

James McCann  
Executive Vice President  
and Chief Operating Officer,  
Ahold USA; Member of the  
Management Board

Wouter Kolk  
Chief Operating Officer,  
Ahold Netherlands and  
Chief Executive Officer,  
Albert Heijn

Jan Ernst de Groot  
Chief Legal Officer

Hanneke Faber  
Chief Commercial Officer

Abbe Luersman  
Chief Human  
Resources Officer

### RR Steering Committee

Chief Legal Officer

Vice President  
Responsible  
Retailing

Vice President  
Product Integrity

Continental and  
brand responsible  
retailing leads

U.S. commercial  
representative

European  
commercial  
representative

### PI Steering Committee

Chief Legal Officer

Vice President  
Product Integrity

Vice President  
Responsible  
Retailing

Continental and  
brand product  
integrity leads

Continental and  
brand legal leads

In October 2014, we announced that Lodewijk Hijmans van den Bergh, Chief Corporate Governance Counsel and member of the Management Board and Executive Committee, would step down. This will take effect as of March 1, 2015. As of February 1, 2015 Jan Ernst de Groot has been appointed as Chief Legal Officer and member of the Executive Committee and he will be responsible for RR and PI as from March 1, 2015.



## Scope of reporting

This report covers Ahold's responsible retailing (RR) strategy, practices and performance during the period December 30, 2013, to December 28, 2014.

Ahold reports progress on the targets it has set for each of its five RR priority areas: healthy living, community well-being, our people, responsible products, and care for the environment. The report has been compiled in alignment with the Global Reporting Initiative (GRI) G3.0 Sustainability Reporting Guidelines, including relevant aspects of the accompanying Food Processing Sector Supplement. This report qualifies for GRI Application Level B+, which indicates the number of GRI G3 disclosures and indicators that have been reported, and against which the report has been assured. ([www.globalreporting.org/reporting/G3andG3-1/application-level-information/Pages/default.aspx](http://www.globalreporting.org/reporting/G3andG3-1/application-level-information/Pages/default.aspx)). Ahold has been publishing RR Reports since 1998, and has been doing so annually since 2007.

The scope of the 2014 report was determined based on Ahold's RR priority areas and the principles of

materiality and completeness. Our priority areas were selected on the basis of their relevance to Ahold's business model, to our stakeholders, and to those areas where Ahold can make a meaningful difference. The sustainability topics covered in this report were identified based on ongoing engagement with our businesses, stakeholders, and involvement in international associations and roundtables.

Information relating to our RR strategy and our progress against its targets is reviewed for significance and materiality from an economic, environmental, and social perspective. The report therefore features information that is material in relation to our total revenue, environmental footprint, and in terms of social impact and sustainability issues.

When reporting on our targets, the inclusion (or exclusion) of specific businesses is based on a materiality assessment of the companies, with all excluded companies producing less than 2% of Ahold's total sales. The segments and businesses included in the data of this report – Ahold USA (Giant Carlisle, Giant Landover, Stop & Shop New England, and Stop & Shop New York Metro), the Netherlands (Albert Heijn), and Czech Republic (Albert) – account for 93% of our total sales. Businesses that were excluded as they account for less than 2% of total sales are the Netherlands-based Etos, Gall & Gall, albert.nl, bol.com and Ahold Coffee Company and the US based Peapod.

From an operational scope perspective, the RR Report includes the following parts of the business:

- All stores, irrespective of whether the stores are owned by Ahold or are franchised.
- Ahold-owned distribution centers; including all transportation from distribution centers to stores, irrespective of whether the transportation companies are owned by Ahold or are outsourced

The scope of this RR Report excludes:

- Direct store deliveries, business travel and offices, due to their limited materiality to our overall performance in our care for the environment priority area.
- Outsourced distribution centers, which do not qualify for inclusion according to the GRI criteria of control, influence and impact.
- Results from Ahold's joint venture with Jeronimo Martins (JMR). The shareholders' agreement is that Ahold does not have unilateral decision-making authority over JMR, including decisions on the strategic, financial and operational direction of the companies. JMR delivers its own report, including references to their corporate and social responsibility strategies and policies.
- Production facilities.

## Reporting process

Ahold's 2014 RR Report was reviewed by our external auditor PricewaterhouseCoopers Accountants N.V. ("PwC"). Our RR Reports between 2009 and 2012 were reviewed by our former external auditor Deloitte Accountants B.V. No external review was performed of Ahold's 2008 Report.

The following conditions per priority area apply to the data in this report.

### Healthy Living

Ahold measures sales of healthy products as a percentage of the total food sales. Healthy products are identifiable in-store and online through the use of healthy-choice logos and shelf tags.

Products featuring these logos and shelf tags comply with strict criteria that are developed by leading health authorities. The criteria are available on our company websites, accessible via [www.ahold.com](http://www.ahold.com).

The decision to exclude non-food sales was taken to avoid distortion from category changes that have no influence on Ahold's performance as a healthy retailer. For the healthy sales and product data, 100% completeness and accuracy cannot be guaranteed due to the manual data gathering process.

### Community well-being

100% completeness on the contributions and donations cannot be guaranteed due to the manual data gathering process.

### Responsible Products

All data provided for the targets on food safety and social compliance is for production sites that have been mapped as part of the process of mapping our own-brand supply chain. GFSI or equivalent percentages are reported as a percentage of total food sales for Ahold USA, and as a percentage of food suppliers for our European businesses.

ICTI-CARE is an Ahold-accepted standard (even though it is not BSCI equivalent) because it is the best practice in the toy industry.

For critical commodities, the percentage of sales of each commodity used in the production of our own-brand products that has been sustainably sourced is based on the key product categories for which these commodities are relevant. The product categories included are:

- coffee: all coffee
- tea: black tea, green tea, and rooibos tea
- cocoa:
  - chocolate bars, tablets and candies
  - seasonal products: Easter, Christmas, Thanksgiving and Sinterklaas
  - bakery: chocolate muffins
- seafood: fresh and frozen seafood
- palm oil: reporting on segregated palm oil is excluded from the baseline review, as we currently cannot directly link the amount of segregated palm oil to our products with 100% accuracy
- soy: Ahold USA is not included as mainly North American soy is used in their supply chains which is not causing deforestation issues

For all own-brand products, 100% completeness cannot be guaranteed due to the manual data gathering process.

### Care for the environment

In relation to our CO<sub>2</sub> reduction target, the majority of the data reflect actual consumption. Where possible, this is an automated process, however if actuals are not available we use extrapolations. In other cases, where actuals and extrapolations could not be applied, best estimates were used. To report on leakage of refrigerant substances, waste types and waste disposal methods, data has been provided by third-party service providers, which was only partly audited. Food waste data includes extrapolations from one division to the total Ahold USA data.

## CO<sub>2</sub> conversion factors

The total CO<sub>2</sub> emissions calculation is the sum of the CO<sub>2</sub> emissions resulting from fuel, electricity, district heating, gas and leakage of refrigerant substances. Since the consumption of those elements is not measured in CO<sub>2</sub> kilograms, conversion factors from other units of measurement are applied.

For electricity, each country has its own conversion factor, which is updated each year. The sources of the electricity conversion factors are the International Energy Agency for Europe and the Environmental Protection Agency for the United States. Each year, the 2008 baseline year is re-calculated using the latest electricity CO<sub>2</sub> conversion factors. Sources for conversion factors are from the 2014 Defra report.

- Sources for converting fuel and gas: 2014 Guidelines for Defra Greenhouse Gas Conversion Factors for company reporting and Handbook CO<sub>2</sub> prestatieladder 2.1.
- Sources for converting electricity: International Energy Agency (IEA), 2009 and Environmental Protection Agency (EPA), eGrid2012, version 1.0.
- Sources for converting refrigerant substances: Climate Change 2007 – The Physical Science Basis, Contribution of Working Group I to the fourth assessment of Report of the Intergovernmental Panel Climate Change (IPCC) and 2014 Guidelines for Defra Greenhouse Gas Conversion Factors for company reporting

### Data revisions

The historic CO<sub>2</sub> data have been adjusted based on the updated conversion factors as mentioned in the previous section. This had no material impact on the data from previous years.

## Awards received in 2014

Ahold scored an average of 75 (out of 100) in the Dow Jones Sustainability Index World rating, a 1 point increase on our 2013 score and only 1 point lower than the sector leader.

Ahold USA was named "2014 Retailer of the Year" by Progressive Grocer (PG) magazine.

Ahold USA Retail & Ahold Financial Services won "United Way 2014 Campaign Award of Excellence" for raising highest amount during the United Way of Carlisle and Cumberland County's 2014 fundraising campaign for a company its size.

Ahold achieved "RobecoSAM Silver Class" in RobecoSAM Sustainability leaders 2015 list, Food and Staples Retailing category.

Albert in the Czech Republic won highest award in the EXCELLENCE category of the "Czech National Award for Quality".

Albert Heijn's magazine Allerhande won the grand prize in the "Grand Prix Content Marketing in the Netherlands": a golden award for best consumer marketing platform 2014.

Albert Heijn Appingedam and Albert Heijn Made took 2nd and 3rd place respectively in the Dutch "2014 Supermarket of the Year Awards", organized by Dutch trade publication Distrifood. Out of 15 finalists, seven were Albert Heijn stores.

Ahold was awarded 1st place in the Management Team "MT500" list, which represents the 500 most admired companies in the Netherlands according to results from their annual research survey.

## Global Reporting Initiative

The Global Reporting Initiative (GRI) is a global, multi-stakeholder network of business professionals, representatives from labor organizations, investors, accountants and others, who work together to develop an internationally accepted framework for sustainability reporting. Ahold has been reporting according to the GRI sustainability reporting guidelines since 2006, as it is recognized as the most comprehensive and widely used sustainability reporting system.

The reporting framework provides metrics and methods for reporting issues relating to environmental and social priorities, the running of the business and the products sold. Ahold's RR Report addresses a selection of indicators that are the most relevant and material to our priority areas, and therefore to our business and stakeholders. We have also benchmarked these indicators against our peers and competitors. Every year, we review the indicators selected, and we are continually working to improve our data collection processes.

The GRI framework outlines several "Application Levels" that indicate the extent to which the guidelines have been applied in a company's sustainability report. Companies seek to fulfill the requirements of a particular Application Level (A, B, C), depending on their capabilities and ambitions. A summary of our application of the GRI guidelines is included in the table referenced below. In 2014, we reported according to the GRI G3.0 Guidelines (including relevant aspects of the food processing sector supplement), fulfilling the requirements of the Application Level B. Our RR Report 2014 has been reviewed by Ahold's external auditor, PricewaterhouseCoopers, which has provided limited assurance. This has enabled us to achieve Application Level B+ again this year.

Our GRI table can be downloaded from [www.ahold.com/rr2014.htm](http://www.ahold.com/rr2014.htm)

## Global Compact

The United Nations Global Compact is 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.

Ahold's own principles align with those of the Global Compact, and we have been striving for high standards against these principles for some time. We signed the Global Compact in 2010, and continue to report on our own operations and strategies in relation to these principles annually.

Our Global Compact table can be downloaded from [www.ahold.com/rr2014.htm](http://www.ahold.com/rr2014.htm)



# External assurance report

## Independent assurance report

To: the Board of Management of Koninklijke Ahold N.V.  
The Board of Management of Koninklijke Ahold N.V. ('Ahold') engaged us to provide limited assurance on the Responsible Retailing Report 2014 (leading to a 'conclusion'). We believe these procedures fulfil the rational objective as disclosed by Ahold on page 47.

## Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Responsible Retailing Report for the year ended 28 December 2014 does not provide a reliable and appropriate presentation of Ahold's policy for sustainable development, or of the activities, events and performance of the organization relating to sustainable development during the reporting year, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

## The basis for our conclusion

### What we are assuring

We have reviewed the Responsible Retailing Report 2014 (hereafter: 'the Report') of Koninklijke Ahold N.V., Zaandam. This Report comprises a representation of the policy, the activities, and performance of Ahold relating to sustainable development during the reporting year 2014. The disclosures made by management with respect of the scope of the Report is included on page 46, section "Scope of reporting".

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed at the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on obtaining reasonable assurance through audit procedures. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently, a review engagement provides less assurance than an audit.

### Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore it may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

### Reporting criteria

Ahold developed its sustainability reporting criteria on the basis of the G3 Guidelines of the Global Reporting Initiative (GRI), which are disclosed together with detailed information on the reporting scope in page 46, section Scope of reporting, and reporting process and methods (on page 47). We consider the sustainability reporting criteria to be relevant and appropriate for our review.

### Understanding reporting and measurement methodologies

The information in the scope of this engagement needs to be read and understood together with the reporting criteria, for which Ahold is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

## Our assurance approach

### Materiality

We set thresholds for materiality at the planning stage and reassessed them during the engagement. These helped us to determine the nature, timing and extent of our procedures and to evaluate the effect of identified misstatements on the information presented, both individually and in aggregate. Based on our professional judgment, we determined specific materiality levels for each element of the sustainability information.

### Areas of particular focus

The areas of particular focus that, in our professional judgment, were of most significance in the assurance engagement of the sustainability information, including the allocation of our resources and effort, are identified below together with an explanation of how we tailored our procedures to address these specific matters. This is not a complete list of all risks and/or matters identified by our work.

These areas were addressed in the context of our assurance engagement of the sustainability information as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these areas of particular focus.

### Healthy living indicators

The ongoing public debate on healthy living indicates the relevance of this topic for Ahold. As disclosed in the Report, Ahold considers this as a key priority. Considering the complexity of monitoring products with specific characteristics in a continuously changing assortment, we have performed additional testing procedures to address the risk of inaccurate reporting of healthy living indicators.

### Responsible products indicators

In recent years there has been significant public debate about food certification labels. These certifications are mainly related to the integrity of the products sourced. Ahold reports on the number of certified products and suppliers. Considering the complexity of monitoring certifications in a continuously changing supplier base, we have performed additional testing procedures to address the risk of inaccurate reporting of responsible products indicators.

### Transparency around donations

Ahold initiates corporate giving programs, which include cash donations and food donations, including third-party contributions. This means reported donations also include donations from customers and suppliers, which are initiated, handled and transferred to charity by Ahold. We have asked Ahold to be explicit about the fact that its donations include both Ahold donations as well as third-party donations.

## Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Report.

Our main procedures included the following:

- performing an external environment analysis and obtaining insight into the industry, relevant social issues, relevant laws and regulations and the characteristics of the organization;
- assessing the acceptability of the reporting policies and consistent application of this, such as assessment of the outcomes of the stakeholder dialogue and the process for determining the material subjects, the reasonableness of estimates made by management, as well as evaluating the overall presentation of the sustainability information;
- understanding the systems and processes for data gathering, internal controls and processing of other information, such as the aggregation process of data to the information as presented in the sustainability information;
- interviewing management and relevant staff at corporate and local level responsible for the sustainability strategy and policies;
- interviews with relevant staff responsible for providing the information in the Report, and responsible for carrying out internal control procedures on the data and the consolidation of the data in the Report;
- conducting analytical procedures on the relevant data;
- reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the Report, is substantiated adequately;
- evaluating the application level in accordance with the Sustainability Reporting Guidelines version 3 of GRI.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Professional and ethical standards applied

We conducted our assurance engagement in accordance with Dutch law, including Standard 3810N "Assurance engagements relating to sustainability reports" (hereafter "Standard 3810N"). Our responsibilities under this standard are further described in the "Our responsibilities" section of this Report.

We are independent of Ahold in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA) and other relevant regulations.

## Responsibilities

### The Board of Directors' responsibilities

The Board of Directors of Ahold is responsible for the preparation of the Report in accordance with Ahold's reporting criteria, including the identification of the stakeholders and the determination of material subjects. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

### Our responsibilities

Our responsibility is to express a conclusion on the Report based on our assurance engagement in accordance with Standard 3810N. This requires that we comply with ethical requirements and that we plan and perform our work to obtain limited assurance about whether the report is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ahold's internal control. An assurance engagement aimed on providing limited assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the Report.

Amsterdam, 25 February 2015  
PricewaterhouseCoopers Accountants N.V.

Original signed by:  
**P.J. van Mierlo RA**

## Other information



## Other information

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# Glossary

## ASC

Aquaculture Stewardship Council. A certification program with a consumer label for sustainable aquaculture.

## Audit process

A process to evaluate supplier compliance against a set of a specific requirements (a standard).

## Biodiversity

The diversity of plant and animal life in a particular habitat, or in the world in general.

## Brand

For a list of Ahold's brands, see the *Our brands and how we operate* section of the Annual Report.

## BSCI

Business Social Compliance Initiative. A nonprofit organization, supporting more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program.

## CFC

Chlorofluorocarbon. A powerful greenhouse gas that has an ozone-depleting effect; may be used as cooling element in refrigerants.

## CGF

Consumer Goods Forum. An independent, global, parity-based platform focused on improving business practices for efficiency and positive change across the consumer goods and retail industry in order to benefit shoppers, consumers and the world without impeding competition. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers and stakeholders from the consumer goods sector across 70 countries.

## CO<sub>2</sub>

Carbon dioxide. A greenhouse gas.

## Composting

A process in which organic waste – including food waste – decomposes naturally, resulting in a product rich in minerals that can be used for gardening and farming as a soil conditioner.

## District heating

Centrally generated heat distributed for residential and commercial heating requirements such as water heating and space heating.

## EPA

Environmental Protection Agency. The agency that coordinates U.S. programs aimed at reducing pollution and protecting the environment.

## EuroCommerce

A representative body for the retail, wholesale and international trade sectors in Europe.

## Fairtrade

A certification program with a consumer label that contributes to sustainable development by offering better trading conditions to disadvantaged producers (often in countries in developing nations), and by protecting their rights.

## Food waste

The food component of shrink (stores and warehouses), which is discarded, as a percentage of total sales. In contrast to shrink, this food waste percentage excludes theft, food bank donations, cash shortages and other product losses.

## FSC

Forest Stewardship Council. FSC is an independent, non-governmental, non-profit organization established to promote the responsible management of the world's forests.

## GFSI

Global Food Safety Initiative. A CGF activity that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

## Global Compact

The United Nations Global Compact is 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.

## Greenhouse gases

Gases such as carbon dioxide or methane, which potentially contribute to climate change.

## GreenPalm certificates

Certificates purchased by manufacturers and retailers to support RSPO-certified palm oil producers.

## GRI

Global Reporting Initiative. An international, multi-stakeholder initiative that provides a standard for environmental and social sustainability reporting.

## Group

All brands that are in scope of this report as defined in the Scope of reporting section of this report.

## GSSI

Global Seafood Sustainability Initiative. A global initiative that aims to assess the compliance of seafood sustainability programs against internationally accepted Food and Agriculture Organization (FAO) Guidelines for Seafood Eco-labeling.

## HCFC

Hydrochlorofluorocarbon. A powerful greenhouse gas that has an ozone-depleting effect; may be used as cooling element in refrigerants.

## HFC

Hydrofluorocarbon. A greenhouse gas that may be used as a cooling element in refrigerants.

## IEA

International Energy Agency. An intergovernmental organization that acts as energy policy advisor to 28 member countries in their effort to ensure reliable, affordable, and clean energy.

## Incineration

The burning of trash and garbage.

## kWh

Kilowatt hour. This is a unit of energy. Energy delivered by electric utilities is expressed and charged for in kWh. Kilowatt hour is the product of power in kilowatts multiplied by time in hours.

**Landfill**

Final placement of waste in or on the land in a controlled way according to sanitary, environmental protection and other safety requirements.

**Last-stage of production sites**

The suppliers at the stage in our supply chain where our products are manufactured or produced.

**LED**

Light-emitting diode. LEDs produce more light per watt than incandescent bulbs.

**Materiality**

The point at which a topic becomes relevant both in the context of a company's business and its stakeholders' interests.

**MSC**

Marine Stewardship Council. A certification program with a consumer label for well managed, sustainable fishing.

**National brand**

The brand name of a product that is distributed nationally under a brand name owned by the producer or distributor.

**NGO**

Non-governmental organization.

**NCDs**

Non-communicable diseases. A medical condition or chronic disease, which by definition is non-infectious and non-transmissible among people. Such diseases may result from genetic or lifestyle factors.

**NR**

Not reported.

**Organic product**

Agricultural product produced by organic farming methods and certified as such by an independent organization. Organic agriculture is a system that relies on ecosystem management rather than external agricultural inputs.

**Own-brand**

Own-brand products include store brands, exclusive brands and non-branded products, including fruit and vegetables, meat, seafood and dairy.

**PI**

Product Integrity. All activities related to minimizing the risk that suppliers, their products, or the products we sell do not meet legal requirements or fulfill Ahold's requirements in the areas of Product Safety and Responsible Products.

**Priority areas**

These are the five responsible retailing areas on which the company is focusing under its current strategy. The priority areas – healthy living, community well-being, our people, responsible products, and care for the environment – were selected on the basis of their relevance to Ahold's business model, to our stakeholders, and to those areas where Ahold can make a meaningful difference.

**Rainforest Alliance**

A certification program with a consumer label that aims to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.

**RR**

Responsible retailing. A pillar of the Reshaping Retail at Ahold strategy.

**RSPO**

Roundtable on Sustainable Palm Oil. A global, multi-stakeholder initiative concerned with the production of sustainable palm oil via its certification program.

**RTRS**

Round Table on Responsible Soy. A global, multi-stakeholder initiative concerned with the production of responsible soy via its certification program.

**Shrink**

All product losses in our stores as a percentage of total sales. This includes all forms of losses such as theft, food bank donations, stock differences, expired products, markdowns, unsalable discontinued items, damages and cash shortages.

**SRI**

Socially responsible investment. Any investment strategy which seeks to consider both financial return and social good.

**Stakeholders**

All the groups that participate in the economic life of the company (employees, customers, suppliers and shareholders), who monitor the company (unions and NGOs) or who are more or less directly influenced by it (society, local government and others).

**Sustainable development**

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Bruntland Commission, Our Common Future, 1987.

**UTZ Certified**

A certification program with a consumer label for responsibly produced and sourced coffee, tea and cocoa, which aims to achieve sustainable agricultural supply chains.

**WNF**

The Dutch branch of the World Wildlife Fund. An independent conservation organization, whose mission is to stop the degradation of the earth's natural environment and to build a future in which humans live in harmony with nature.

**XP40**

Opteon® XP40 (R449A) is a HFO-based refrigerant that combines excellent cooling performance with improved energy efficiency and environmental properties. It has a lower global warming potential than the refrigerants previously used by Ahold. It is suitable for new installations and the straightforward retrofit of existing systems.

**Zero waste**

Zero waste means designing and managing products and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them. Implementing zero waste will eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health. Business and communities that achieve over 90% diversion of waste from landfills and incinerators are considered to be successful in achieving zero waste.

## Contact us

### Contact information

Ahold proactively maintains an open dialogue with stakeholders, providing accurate information in a timely and consistent way. The Company does this through press releases, the Annual Report, the Responsible Retailing Report, presentations, webcasts, and regular briefings with analysts, fund managers and stakeholders.

### Corporate website

Whether you want to view the Company's latest press releases or learn more about our local brands and heritage, our commitment to being a responsible retailer, or our approach to corporate governance, Ahold's corporate website provides a wealth of information for stakeholders. You can access the corporate website at [www.ahold.com](http://www.ahold.com)

### Electronic communication

In recent years, changes in legislation have removed the requirement for companies to mail large quantities of paper communications to stakeholders. Instead, companies are choosing to communicate with their

stakeholders via the internet, because of its speed and environmental benefits, and to save costs. Ahold actively encourages our stakeholders to sign up to receive electronic communications, as part of our commitment to being a responsible retailer. For information about how to register to receive electronic communications, please visit the "Contact us" section of our corporate website.

### Contact us

In order to help us get better every day we invite a dialogue with our stakeholders. We therefore welcome your feedback on this Responsible Retailing Report and on our responsible retailing strategy and targets in general.

Please contact:

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## Cautionary notice

This Responsible Retailing Report (RR Report) contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. These forward-looking statements include, but are not limited to, statements as to Ahold's strategic framework, promises, stakeholder engagement, healthy living, community well-being, employees, responsible products, the environment, governance, scope of reporting and the reporting process.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, including but not limited to, Ahold's ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits from Ahold's plans and strategies being less than anticipated, the effect of general economic or political conditions, the actions of competitors and other third parties, increases or changes in competition, Ahold's ability to retain and attract employees who are integral to the success of the business and other factors discussed in Ahold's Annual Report 2014 and this RR Report.

Accordingly, this RR Report is subject to this notice and it is qualified by the assumptions, qualifications and the risk factors detailed in Ahold's public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this RR Report. Ahold does not assume any obligation to update any public information or forward-looking statement in this RR Report to reflect events or circumstances after the date of this RR Report, except as maybe required by applicable laws. Outside the Netherlands, Ahold presents itself under the name of "Royal Ahold" or simply "Ahold." For the reader's convenience, "Ahold" or "the company" is also used throughout this RR Report. The company's registered name is "Koninklijke Ahold N.V." The main responsible retailing principles and commitments as discussed in this RR Report imply obligations to perform to the best of one's ability and do not imply obligations to guarantee a certain result. Certain products and services named in this report feature trademarks owned by Koninklijke Ahold N.V., its subsidiaries, joint ventures or associates.

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