

# Vote Bulletin: Koninklijke Ahold Delhaize N.V.

Company	<b>Koninklijke Ahold Delhaize N.V. (AMS: AD)</b>
Market and Sector	The Netherlands, Consumer Staples
Meeting Date	12 April 2023
Key Resolutions <sup>1</sup>	<b>Item 6:</b> Remuneration Report (advisory vote)
Key Topics	Executive remuneration <sup>2</sup>
Board Recommendation	The board recommended shareholders vote FOR Item 6
BlackRock Vote <sup>3</sup>	BlackRock voted FOR item 6

## Overview

Koninklijke Ahold Delhaize N.V. (Ahold Delhaize) is a Dutch company which owns, co-owns, and operates 19 grocery store, pharmacy, retail and liquor store businesses in 10 countries, including Albert Heijn in the Netherlands, Delhaize in Belgium, Food Lion in the U.S., and Super Indo in Indonesia.<sup>4</sup>

BlackRock Investment Stewardship (BIS) engages with companies to better understand how company leadership identifies and manages the material risks and opportunities in their business model that, in our assessment, can impact their ability to deliver durable financial performance for long-term investors like BlackRock’s clients. BIS also engages to provide a long-term investor perspective on corporate governance practices.

BIS has a multiyear engagement history with Ahold Delhaize, during which we have discussed board composition, transparency around compensation structures, and the management of business-relevant, sustainability-related risks and opportunities.

Ahead of the company’s April 2023 annual general meeting (AGM), BIS engaged with members of Ahold Delhaize’s board of directors and senior management team to discuss changes to the executive leadership

<sup>1</sup> Koninklijke Ahold Delhaize N.V., “[Agenda and explanatory notes of the 2023 Annual General Meeting of Shareholder of Koninklijke Ahold Delhaize N.V.](#)”, March 1, 2023.

<sup>2</sup> The term “remuneration” is used as an equivalent to the words “compensation” or “pay”.

<sup>3</sup> BIS conducts proxy voting for those clients who authorize BIS to vote on their behalf. As part of BlackRock’s Voting Choice program, eligible clients can have a say in the proxy voting process by selecting their own proxy voting policy or one of 14 available third-party policies. 47% (\$2.1 trillion of \$4.5 trillion) of our index equity assets are eligible to participate in Voting Choice, and clients representing 25% of the \$2.1 trillion in eligible assets are enrolled in Voting Choice. Currency shown in USD. Source: BlackRock. Data as of March 31, 2023.

<sup>4</sup> Koninklijke Ahold Delhaize N.V., “[Our Brands.](#)”

team that were announced in November 2022 and January 2023.<sup>5, 6</sup> We also had an update from the company on how they have taken shareholders' feedback – including BlackRock's – into consideration concerning executive remuneration and enhanced disclosures in preparing their 2022 remuneration report.

## **Rationale for BlackRock's vote**

### **Item 6: Remuneration Report (advisory vote) (FOR)**

**BIS supported the advisory vote to approve the 2022 remuneration report, following engagements with company management and members of the board of directors. This recognizes the year-over-year progress that Ahold Delhaize has made in addressing prior shareholder concerns regarding their remuneration policies and related disclosures.**

As we outline in [our proxy voting guidelines for European, Middle Eastern, and African \(EMEA\) securities](#), which detail our approach to executive remuneration practices in the region, in our view, pay should be closely linked to performance and aligned with the generation of durable, long-term financial value for shareholders. In our engagements with companies and our assessment of their remuneration disclosures, we look for clear evidence of this linkage.

BIS has been engaging with Ahold Delhaize over several years to encourage the company to align their executive compensation policies and disclosures with the interests of long-term shareholders, such as BlackRock's clients.

At Ahold Delhaize's April 2020 AGM, we signaled our concern about the company's pay practices by not supporting the advisory vote to approve the 2019 remuneration report. In particular, we found the company's limited transparency in their executive remuneration policies, specifically on performance measures and targets, made it difficult to assess the rigor of the targets. In addition, BIS did not support the election of the chair of the remuneration committee, which has responsibility for the company's remuneration policy. We continued to signal our concerns about the company's remuneration disclosures at the 2021 AGM, by voting to not support resolutions to approve the 2020 remuneration report and the discharge of the supervisory board.<sup>7</sup>

Following the 2021 AGM, we engaged with Ahold Delhaize again to share our perspectives on executive remuneration. We were encouraged by the discussion and by the company's intentions, announced ahead of the 2022 AGM, to increase shareholding requirements for executive officers, and enhance the company's remuneration disclosures.<sup>8</sup> Informed by our engagement and our analysis of the company's disclosed plans, BIS voted to support the approval of the 2021 remuneration report at the April 2022 AGM, which received 88.69% shareholder support.<sup>9</sup>

We have been further encouraged by Ahold Delhaize's response to shareholder feedback – including BlackRock's – in the past year and voted to approve the 2022 remuneration report. We note that the 2022 report discloses several new factors that we find helpful in understanding how the company's remuneration policy is conducive to shareholder value creation. Specifically, for both short- and long-term incentive plans, there is full disclosure of targets and performance intervals for all metrics – a point the company notes in the report was a

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<sup>5</sup> Koninklijke Ahold Delhaize N.V., "[Ahold Delhaize announces retirement of Kevin Holt, CEO, Ahold Delhaize USA at the 2023 Shareholder Meeting; JJ Fleeman, President of Peapod Digital Labs, to be nominated as CEO of Ahold Delhaize USA](#)", November 15, 2022.

<sup>6</sup> Koninklijke Ahold Delhaize N.V., "[Chief Financial Officer Natalie Knight to leave Ahold Delhaize](#)", January 10, 2023.

<sup>7</sup> Between 2020 and 2021, we observed total shareholder support for the approval of the remuneration report decline by 2.26%. Source: Koninklijke Ahold Delhaize N.V., "[General Meeting of Shareholders: Resolutions taken April 8, 2020](#)", "[General Meeting of Shareholders: Resolutions taken April 14, 2021](#)".

<sup>8</sup> Koninklijke Ahold Delhaize N.V., "[Agenda and explanatory notes of the 2022 Annual General Meeting of Shareholder of Koninklijke Ahold Delhaize N.V.](#)", March 2, 2022.

<sup>9</sup> Koninklijke Ahold Delhaize N.V., "[General Meeting of Shareholders: Resolutions taken April 13, 2022](#)".

“recurring topic” in their engagements with stakeholders.<sup>10</sup> We also note an enhanced focus on long-term incentives, with shifts towards variable remuneration from fixed pay relative to 2021.<sup>11</sup> This includes a reduction in the maximum payout level for the short-term incentive plan, and a related increase to the long-term incentive plan. Furthermore, we note that the company has increased the weight of material sustainability-related criteria for both plans from prior years.<sup>12</sup> At the company’s 2023 AGM, shareholder support for the remuneration report increased from the prior year to 94.43%.<sup>13</sup>

BIS will continue to monitor Ahold Delhaize’s progress on executive remuneration, and engage with the company, where appropriate, to discuss matters material to long-term financial value creation.

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<sup>10</sup> Koninklijke Ahold Delhaize N.V., “[Remuneration Report 2022](#)”, page 9.

<sup>11</sup> Koninklijke Ahold Delhaize N.V., “[Remuneration Report 2022](#)”, page 15.

<sup>12</sup> Over the past two years, we have observed that companies are increasingly including sustainability-related criteria in their incentive plans. While we do not have position on their use, we do believe that when they are included, they should be as rigorous as other financial or operational targets, and that there should be a clear explanation between what is being measured and rewarded, and the company’s strategic priorities.

<sup>13</sup> Koninklijke Ahold Delhaize N.V., “[General Meeting of Shareholders: Resolutions taken April 12, 2023](#)”.

## About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability-related risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.<sup>14</sup>

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with durable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

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<sup>14</sup> As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.