



Climate strategy

July 2020

Introduction

Climate change is impacting how food is grown and will change our business in the future. Ahold Delhaize is committed to supporting the well-being of the communities we serve and enabling a healthy, low-carbon food system that secures healthy and sustainable diets for future generations.

In line with the latest climate science to limit global warming, we are committed to reducing carbon emissions across our value chain

The following contain details on Ahold Delhaize's emissions reduction targets and approach, our process for identifying climate related risks, and the governance and reporting we have put in place to provide transparency to our commitments and progress.



SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Reducing carbon emissions, a science-based approach

In recognition of the urgency of climate change and in support of Sustainable Development Goal 13, Ahold Delhaize has adopted science-based climate targets in 2020.

- We will reduce absolute emissions from our own operations (scope 1 and 2) by 50% between 2018-2030.
- We will reduce absolute emissions from our value chain (scope 3) by 15% between 2018-2030.

Reducing impact from our operations – Scopes 1 & 2

Continuing the reductions in emissions since 2008 from stores, warehouses, and offices, Ahold Delhaize and its brands will further reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2030. This ambition aligns with the 1.5-degree Celsius trajectory for 2100.

2018 Scope 1&2 footprint	ktCO ₂ e	%
Refrigerants	1,302	36%
Heating	329	9%
Owned trucks	237	6%
Total Scope 1	1,848	51%
Electricity	1,781	48%
Heat imported	19	1%
Total Scope 2	1,800	49%
Total	3,648	100%



To achieve our ambition, we will focus on three areas:

Energy

The Ahold Delhaize brands continue to invest in energy efficiency, using the best available technologies to reduce energy consumption in stores and distribution centers. This effort includes reducing the energy usage of all lighting, heating, and refrigeration. Going forward, our brands will strengthen renewable energy procurement plans and increase energy production on site.

Refrigerants

Our brands continue to improve their refrigeration systems and accelerate the replacement of hydrofluorocarbons (HFCs) with the latest available alternatives. Where possible, our brands use natural sources for refrigeration.

Owned transport

Moving toward low-carbon distribution and logistics, our brands will further modernize the fleet and opt for ecofriendly fuels.

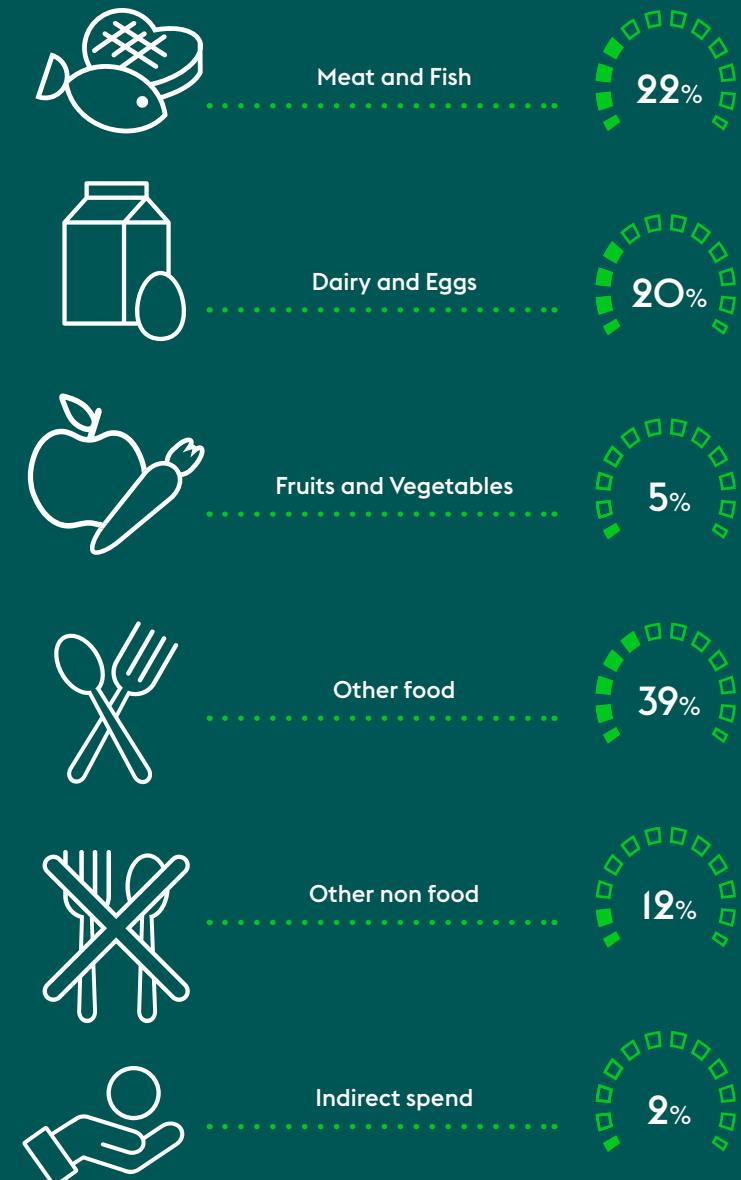
Reducing impact from our value chain – Scope 3

In 2019, we estimated greenhouse gas emissions for scope 3 to be 70,800 ktCO₂e. Below is the breakdown by category. We will refine this data in the coming years as we improve accuracy of value chain reporting.

Scope 3 Footprint 2018	%
Scope 3 - Purchased goods and services	90.77%
Scope 3 - Upstream transportation and distribution	0.39%
Scope 3 - Waste generated in operations	0.21%
Scope 3 - Business travel	0.03%
Scope 3 – Use of sold products	5.52%
Scope 3 - Other	3.08%
Total Sc3	100%



Purchased goods and services



Four focus areas for achieving Scope 3 emissions reduction



Supplier engagement

As most of the greenhouse gas emissions from our value chain are embedded in the products our brands sell, engaging with suppliers to reduce their emissions is where we will have the biggest impacts. The food industry is already taking action to reduce emissions, and some of the world's largest food manufacturers have already adopted science-based targets. With the announcement of our targets for 2030, our brands are beginning the journey to engage with their key suppliers and support them in their transition to less carbon intensive production.

Low carbon products

Customer demand for healthy, low-carbon diets, including plant-based proteins, is on the rise in many of our markets. Building on their histories as product innovators, our brands continue to increase low carbon products in their assortments and, together with suppliers, bring new alternatives to the market.

Our brands can help people further understand the impact of their buying decisions and enable them to make choices that fit their needs, their tastes, and their values. To achieve this, our brands will use the latest technologies, such as blockchain and artificial intelligence, to bring customers more transparency – starting with fresh fruit and vegetables and then moving to the seafood and meat supply chains. By giving customers access to personalized information – for example, through loyalty apps or online advice – our brands will empower and enable customers to make better choices.



Managing waste

Every year, around one-third of all food produced for human consumption is lost or wasted. According to the World Resources Institute, if Food Loss and Waste were its own country, it would be the world's third-largest greenhouse gas emitter, surpassed only by China and the United States.

Our ambitious targets to reduce food waste by 50% by 2030 also contribute to reducing carbon emissions, in addition to the other benefits of improving food security and conserving natural resources. To achieve this target, we have a three-pronged approach: reduce food waste across all of our brands' operations, including stores, distribution centers and transport, divert surplus food to food banks and charities and to innovative operations such as restaurants that cook with unsold food, and divert food no longer suitable for human consumption to recycling to prevent it from going to landfill.

In September 2019, Ahold Delhaize joined the World Resources Institute's '10x20x30' initiative, which brings together 10 global food retailers that will each engage with 20 of their priority suppliers to halve their rates of food loss and waste by 2030. Ahold Delhaize joined this exciting initiative to support momentum across our industry and create new innovations for reducing waste in partnership with suppliers.

Outsourced transport services

Roughly half of our transportation today is done by 3rd party service providers. These policy changes will use service procurement policies to stimulate service providers to reduce their emissions. These policy changes will reduce emissions associated with the delivery of the goods to stores as well as emissions associated with the business travel of associates.

Preparing for climate risk disclosure

Climate change is making it more difficult to farm, fish and raise livestock; it's changing what and how we can feed ourselves – at a time when our global population is growing. Climate change will have an impact on Ahold Delhaize with the potential to disrupt our business model.

Our brands are already experiencing impacts from increasing prevalence of extreme weather events. For example, hurricanes Sandy in 2012, Florence in 2018 and Dorian in 2019 impacted Food Lion and Stop & Shop stores, and our brands' operations in Greece and Serbia were impacted by flooding in recent years as well.

To better understand and articulate the risks that climate change poses to the company, Ahold Delhaize has signed on as a supporter of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). We are now at the beginning of a journey to analyze the impacts.



In 2020, Ahold Delhaize conducted its first global analysis of climate related risks and potential material impacts on our business. Leveraging existing climate modeling, we developed two climate scenarios in line with 2-degree and 4-degree Celsius trajectories, assessing political, economic, social, environmental, and technological trends. Overall, we identified 17 climate related risk factors that could impact our supply chain, stores, warehouses, and consumers by 2030. Examples of the risk factors include extreme weather and temperature increases, social instability driven by climate, regulations on emissions, and changing consumer behavior.

Climate related risk analysis is an integral part of our Enterprise Risk Management process and related risk assessments, that enables more informed decision making. In the future, we will continue refining the analysis to inform plans to reduce the impact of climate change on Ahold Delhaize.

Governance

Our commitment to addressing climate change is established and is supported globally through our Executive Committee and our Supervisory Board and is implemented locally through our brands.

Regional and brand leadership teams are responsible for implementing climate related actions in the brands. They do this based upon approved targets and climate related investments from the Executive Committee. All Supervisory Board members actively participate in the Sustainability & Innovation Committee which reviews the company's Health and Sustainability strategy and progress on a semi-annual basis.

Reporting

Ahold Delhaize has a long history of sustainability reporting, which is integrated into the Annual Report since 2019. In addition, we report performance annually to CDP. Going forward, the company will align its climate reporting with the TCFD recommendations.

