



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

As part of our strategy to support a healthier planet, and informed by our materiality assessment, we measure and manage our company's environmental impacts using three pillars: climate, circularity and nature.

For more information on our performance on these environmental topics, see [ESG statements: Environmental](#) and [Performance review: Group performance](#).



CLIMATE

Our climate pillar includes the material topic climate change, which covers both our impact on climate change (mainly GHG emissions) and the impact of climate change on our organization (physical and transition risks). This section also includes Ahold Delhaize's activities as supporter of the TCFD. We have adopted the TCFD's recommendations and are reporting in line with them, where possible. See [TCFD index](#) under [ESG statements](#) for references to where our reporting responds to the TCFD-recommended disclosures.

Information on the EU Taxonomy is included in the [ESG statements](#), and we provide further information on climate change in the [Risks and opportunities](#) section.

CLIMATE CHANGE

Definition

Ensuring that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations. Adopting practices to manage risks that could occur as a result of climate change.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

According to the Intergovernmental Panel on Climate Change (IPCC)¹, human activities, principally through emissions of GHGs, have unequivocally caused global warming, with global surface temperature in 2011-2020 reaching 1.1° C above what it was in 1850-1900. Global GHG emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use; land use and land-use change; lifestyles; and patterns of consumption and production across regions, between and within countries, and among individuals.

The IPCC report states that continued GHG emissions will lead to increased global warming. The best estimate, based on considered scenarios and modelled pathways, predicts that we will reach 1.5° C in the near term. Every increment of global warming will intensify multiple and concurrent hazards.

In December 2023, we updated Ahold Delhaize's Climate Plan, building on our earlier Climate Plan from November 2022. In this updated Climate Plan, we refined our decarbonization levers, specifying potential reductions in GHG emissions, and refined the categories influencing our reduction target for the entire value chain (scope 3). Our focus is on working to address these challenges and adapting our actions to respond to them.

¹ IPCC 2023 AR6 Synthesis report.



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CLIMATE CHANGE CONTINUED

Our impact

Climate change and the degradation of nature are global threats to the health of the planet and people’s lives and livelihoods.

A range of issues – such as deforestation, biodiversity loss, food waste and pollution – contribute to the climate crisis, and to the health and resiliency of the planet, which underpins the well-being of everyone who inhabits it.

Humans cause climate change by releasing carbon dioxide and other GHGs into the air.

GHGs are produced in different ways, including the following:

- **Burning fossil fuels:** Fossil fuels such as oil, gas and coal contain carbon dioxide that has been “locked away” in the ground for thousands of years. When we extract these fuels and burn them – for example, in trucks when transporting products or to heat, cool, or operate stores – carbon dioxide is released into the air. Our brands are using fossil fuels for heating and transportation, and, in doing so, produce indirect GHGs. See also [Transition from fossil fuels in heating and transportation](#).

- **Deforestation:** Forests remove and store carbon dioxide from the atmosphere. Cutting them down leads to carbon dioxide building up more quickly, since there are fewer trees to absorb it. And when trees are burned, they release the carbon they stored. Ahold Delhaize can contribute to deforestation, for example, if we sell products produced on deforested land. See also [Deforestation-free supply chain](#) for our actions in this area.
- **Agriculture:** Planting crops and rearing animals releases many different types of GHGs into the air. See [Agricultural practices](#).
- **Cooling fluids:** Hydrofluorocarbons (HFCs) are commonly used chemicals for cooling and represent a major contributor to climate change, causing approximately 1.5% of global emissions worldwide. Ahold Delhaize sells products that require cooling in order to maintain food safety and quality for customers. Reducing the use of chemical refrigerants and switching to low-GWP refrigerants is our greatest opportunity to reduce our negative impact. See also [Transition to low-GWP and natural refrigerants](#).

We estimate that the annual value chain GHG emissions (scope 1, 2 and 3) of Ahold Delhaize and the brands total approximately 63 million tonnes of CO₂-equivalent emissions. This figure is broken down in the diagram that follows this paragraph.

Our total carbon footprint¹



Scope 1 and 2

● Energy consumption	1.8
● Refrigerants	2.1
● Transport	0.4

Scope 3

● Purchased goods and services	86.2
● Use of sold products	5.2
● Other scope 3	4.3

¹ Includes 2023 scope 1 and 2 emissions, and 2022 scope 3 emissions.

Of the categories in the graph *Our total carbon footprint*, energy consumption, refrigerants and transport form our scope 1 and 2 footprint. The remaining emissions categories form our scope 3 footprint, representing approximately 96% of our total direct and indirect carbon footprint.

See also our [ESG statements](#) for a further breakdown of our scope 3 emissions.

While emissions from our own operations (scope 1 and 2) are a small share of our total value chain emissions, it is here that we have direct control and can have the biggest direct impact.

Along our value chain, we see opportunities to reduce emissions from our current product portfolio through targeted interventions upstream and downstream – for example, by encouraging suppliers to set their own science-based targets, and working with logistics partners to shift to lower-emission transport options.

With the lion’s share of our value chain emissions falling outside of our direct control, societal change and industry collaboration remain critical to achieving our targets. Playing a part in wider society and cooperating across the industry are, therefore, integral parts of our plan.



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Our approach and progress

In this section, we provide more information on our governance and risk management of climate-related risks, our strategy, examples of actions taken and progress made, and a summary of our plans to meet our GHG-emission targets.

Governance

Ahold Delhaize's Management Board takes overall accountability for the management of the Company's ESG topics, with the CSO charged with oversight of our climate change agenda. This includes leading policy development for our climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion by the Management Board and Executive Committee as well as the Supervisory Board's Health and Sustainability Committee, in line with our risk review cycle.

Our CFO maintains oversight of our climate-related financial activities and reporting, sponsoring the TCFD and EU Taxonomy working groups that comprise colleagues across our Climate, Risk Management and Finance teams and maintain day-to-day oversight of these areas.



See [Introduction to ESG](#) for more information on how we manage ESG performance.

Five of the nine members of the Supervisory Board are also members of the Supervisory Board's Health and Sustainability Committee. This Committee advises the Supervisory Board on the Company's sustainability long-term vision, strategy and target setting. It monitors the Company's performance on ESG targets and advises on ways to apply innovations to achieve these targets. Please refer to the [Supervisory Board report](#) for more information on the Health and Sustainability Committee.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce its climate impact from own operations and the value chain. These teams consist of associates from departments such as Store Development and Store Maintenance, as well as sourcing managers.

To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 GHG-emissions-reduction targets to remuneration under our long-term incentive plan.

We have strengthened the connection between executive compensation and sustainability by elevating our emphasis on ESG factors in our remuneration policies during 2022, changing both short- and long-term incentive composition.



See [Remuneration Policy](#) for further details.

Strategy

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where products are sourced to what our brands' stores look like and how we heat or cool them.

A healthy planet is a key component of our [Elevate healthy and sustainable](#) growth driver, and our approach to addressing climate change in our company focuses on both the impact of climate change on our business (through our efforts to comply with the TCFD) and how our business activities impact the climate. We aim to reduce our impact on climate through our commitment to reach net-zero GHG emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire value chain, products and services no later than 2050 (scope 3).

We have also joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led Race to Zero campaign.

Methodology

Within our climate approach, we are guided by the standards of the GHG Protocol, which defines a global standardized framework for the measurement and management of GHG emissions from the private and public sectors. The GHG Protocol defines scope 1, 2 and 3 emissions. Scope 1 emissions are direct GHGs from owned or controlled sources. Scope 2 emissions are indirect emissions resulting from the generation of purchased energy, and scope 3 emissions are all other indirect emissions in the upstream and downstream value chain of an organization.

Additionally, our active participation in the annual CDP disclosure process underscores our dedication to transparently communicating our environmental performance and progress.



See [ESG statements](#) for more information.



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CLIMATE CHANGE CONTINUED

Own operations (scope 1 and 2)

Energy consumption and refrigeration represented approximately 91% of total scope 1 and 2 emissions.

Setting targets for scope 1 and 2

Ahold Delhaize developed science-based targets (SBTs) for scopes 1 and 2 in 2019, and submitted targets to the SBTi for validation in 2020.

Our medium-term emissions reduction target for scope 1 and 2 (see table under *Our targets* below), set in 2019, has been formally approved by the SBTi. This means that the SBTi has assessed the target against the emissions reduction pathways necessary for the world to limit global average temperature rise 1.5° C above preindustrial levels and found them to be consistent with that outcome.

In accordance with SBTi technical guidance on setting SBTs, 2018 was selected as the baseline year, since it was the most recent year with robust scope 1 and 2 footprint data. The 2018 (restated) baseline for SBTi target setting is 4.1 MtCO₂e; see [ESG statements](#) for further details.

Key levers

To address the emissions in our brands' operations, we have identified four key levers, which are further discussed below. These levers are considered the areas that will contribute the most in reaching our medium-term target of 2.05 MtCO₂e, or a 50% reduction against the 2018 baseline of 4.1 MtCO₂e, as well as our long-term target of becoming Net zero (90% reduction and 10% removals) by 2040 (also against our 2018 baseline).

In this section, we also set out examples of actions we have taken under each lever. Please note, this is not a full list of our activities to reduce scope 1 and 2 emissions.

Transition to renewable energy

In 2023, 29.6% of our emissions (scope 1 and 2) were caused by electricity consumption. Our total electricity consumption is forecast to further increase due to the electrification of our transportation and heating systems. We plan to reduce electricity emissions to zero by 2035.

A portion of this will be accomplished by generating our own electricity through solar panels installed in both the U.S. and Europe. In addition, we plan to source 100% renewable energy through PPAs in Europe and 100% green electricity via renewable energy certificates (RECs) in the U.S. In Europe, we already use 82% green electricity¹, compared to a share of 41% in the U.S.

¹ Green electricity includes electricity from renewable sources and electricity from nuclear sources.

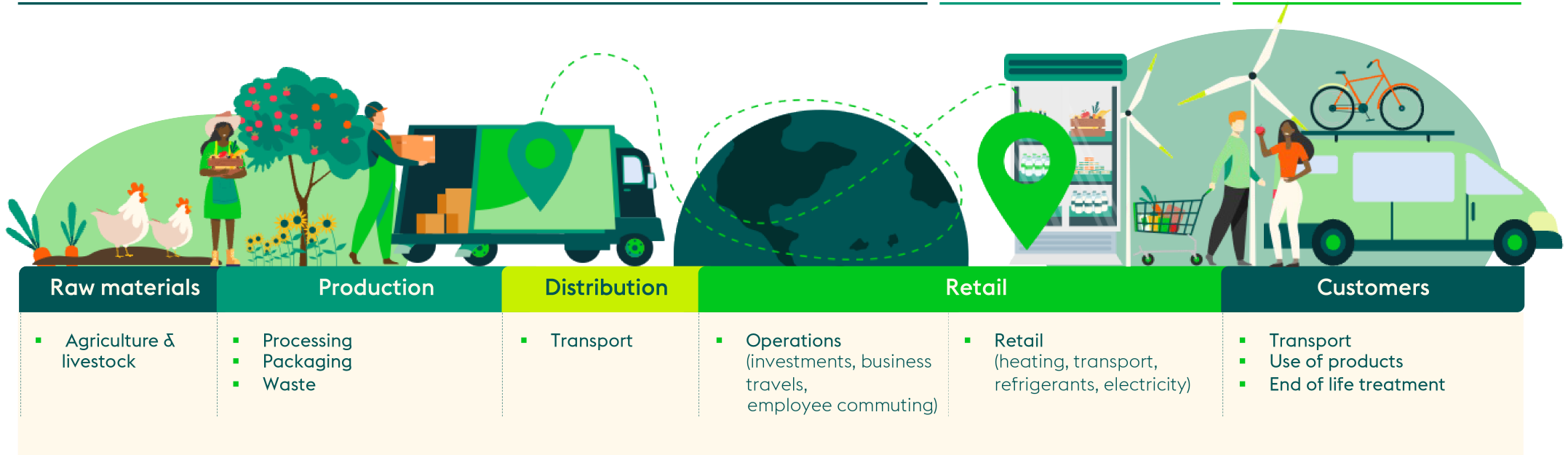


See our updated **Climate Plan** for more information.

Scope 3 - Upstream

Scope 1 & 2

Scope 3 - Downstream





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We actively invest in renewable energy initiatives. Our solar projects include widespread photovoltaic installations. In the U.S., Giant Food recently finalized a contract for around 45 Maryland stores to be off-takers for a new utility-scale solar project. Construction will start in 2024.

Our European brands are also working on renewables – for example, Alfa Beta in Greece is installing photovoltaic systems at its stores. In the Netherlands, Albert Heijn already uses 100% renewable electricity. To incentivize renewable electricity generation, Albert Heijn is entering into a long-term partnership for the purchase of green energy from a new wind farm to be built.

Transition to low-GWP and natural refrigerants
Our 2023 mix of refrigerant types and associated leakage accounts for 49.4% of our total scope 1 and 2 emissions. Our brands are aiming to reduce refrigerant emissions by executing local climate plans.

In order to achieve our net-zero plan, we need to replace or retrofit our refrigeration systems with low-climate-impact alternatives that can use natural or low-GWP refrigerants, minimize leakage and consume less energy.

We want to transition, year by year, to natural and low-GWP refrigerants. Natural refrigerants have negligible climate impact and are more energy efficient. Our U.S. businesses are planning to convert equipment for compatibility with low-GWP or natural refrigerants (these plans are under revision due to PFAS legislation). For our European businesses, all refrigerant equipment will use natural refrigerants by 2040.

This year, Food Lion received two awards from the U.S. Environmental Protection Agency for reducing emissions by switching to refrigeration systems with zero ozone-depleting potential and low-GWP refrigerants.

Some of our other brands, such as Albert Heijn in the Netherlands, are also successfully replacing chemical refrigerants with natural refrigerants in certain installations. At Albert Heijn, these already account for approximately 68% of own-store installations.

Transition from fossil fuels in heating and transportation

Our fossil fuel-related emissions come mainly from two sources: transport and heating. Transport by our own fleet includes distribution between facilities, e-commerce services, delivery to customers and business trips, using both owned and leased vehicles. These activities account for 21.0% of our total scope 1 and 2 emissions. Our long-term vision is to achieve 100% fossil-fuel-free transport in both Europe and the U.S. by 2040.

Technological maturity plays a role in how fast we can transition to cleaner energy sources. In the U.S., we are facing challenges in infrastructure readiness for electrified fleets and equipment. Likewise, we will need to evaluate fleet electrification viability in Europe on a country-by-country basis.

The natural gas and propane used for heating comprises 10.7% of our scope 1 and 2 emissions today. Our aim is to gradually electrify our heating systems to eliminate fossil fuel use in both the U.S. and Europe by 2040. For example, in Romania, Mega Image started to convert its distribution vehicles to electric vehicles.

Our brands are making significant changes to the heating systems in their stores. Our Albert Heijn stores are on their way to becoming entirely gas free, in line with our net-zero commitment to reduce GHG emissions. Our Mega Image brand, for example, is taking a decisive step by equipping its stores with heat pumps, so they are no longer dependent on traditional heating methods using fossil fuels.

Increase energy efficiency

In addition to the switch to renewable energy and the electrification of transportation and heating, we are implementing energy efficiency measures across all our local brands, to reduce our total energy consumption. We are installing energy-efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, new refrigeration systems and improved insulation. When remodeling stores, taking measures like these is enabling our brands to create some of the most energy-efficient stores of the future.

Many of our brands, in both Europe and the U.S., have switched to energy-efficient LED lighting in the stores to reduce overall electricity consumption.

Some brands, including Mega Image, Delhaize Belgium, Food Lion, Giant Food and The GIANT Company, are upgrading their refrigeration systems. They are retrofitting older freezer doors and replacing them with the latest passive doors, which significantly minimizes energy loss, as only the door frames are equipped with frost protection, resulting in higher efficiency compared to conventional active doors.

Scope 1 and 2 road to decarbonization

The feasibility and achievability of our actions on key levers become less certain, the further in the future these plans are set to be executed. To the extent that actions are scheduled to be executed in the period from 2024 to 2026, the plans are built from brand-level up and the necessary estimated CapEx and operating expenses needed to execute them are included in our long-range plans. We have estimated the feasibility and reduction potential with a reasonable level of reliability, but the actual outcomes can still differ.

For the period 2027 to 2030, our plans are more high level and include more uncertainty and assumptions. As a result, we have a higher level of uncertainty around whether our estimated outcomes are achievable and the reductions will materialize as estimated.

The current plans also do not yet take into account the effect of changes in refrigerant regulations, and will be revisited in the coming year to be adjusted accordingly. This might impact the cumulative emissions-reduction potential, as well as the timing of our execution of these plans.



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Our current expectations are that, based upon the identified action plans and the progress we are making, we are on a positive trajectory to meet our target of 50% reduction by 2030, subject to our estimates and assumptions as set out below.

For the period 2030 to 2040, the next step is to make our high-level plans more concrete, taking into account available and developing technology and insights. While we have high-level plans and actions identified, the high level of uncertainty due to the longer-term nature of the actions, changing regulations and reliance on technology and infrastructure that is sometimes not yet fully operational or proven in practice, leads to significant uncertainty and causes us to be dependent on various assumptions in order to provide more detail.

Assumptions and estimates used in calculations

Our ability to achieve our GHG emissions reduction targets for scope 1 and 2, with the actions above, is based on the following assumptions:

- The Company needs to make the full transition to natural refrigerants by 2040 in Europe, while, in the U.S., both natural and lower-GWP refrigerants will remain in use.
- Feasibility of the current plan in the U.S. market is currently under further investigation, considering changes in refrigerants regulations.
- We assume that both the U.S. and Europe segments will have to transition from fossil fuels for both transport of own fleet and heating, resulting in a full fossil-fuel-free fleet in 2040 in both the U.S. and Europe. However, the feasibility of this transition is dependent on resolving challenges in infrastructure readiness for transport transition.

- We are making the assumption that both regions will generate own energy by installing solar panels. Total electricity consumption is expected to increase due to the electrification of transport and heating.
- 100% renewable energy (RECs / PPAs) can be acquired at close to parity with grid power.
- Our assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2024–2026 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

Challenges

Collective action is essential to reduce emissions in our value chain; we cannot achieve our scope 3 targets without working closely with our suppliers and customers to reach our scope 3 targets.

Accuracy of scope 3 data

Obtaining accurate scope 3 data is a challenge across industries. For more information on our methodology and data collection considerations relating to scope 3 emissions, see [ESG statements](#).

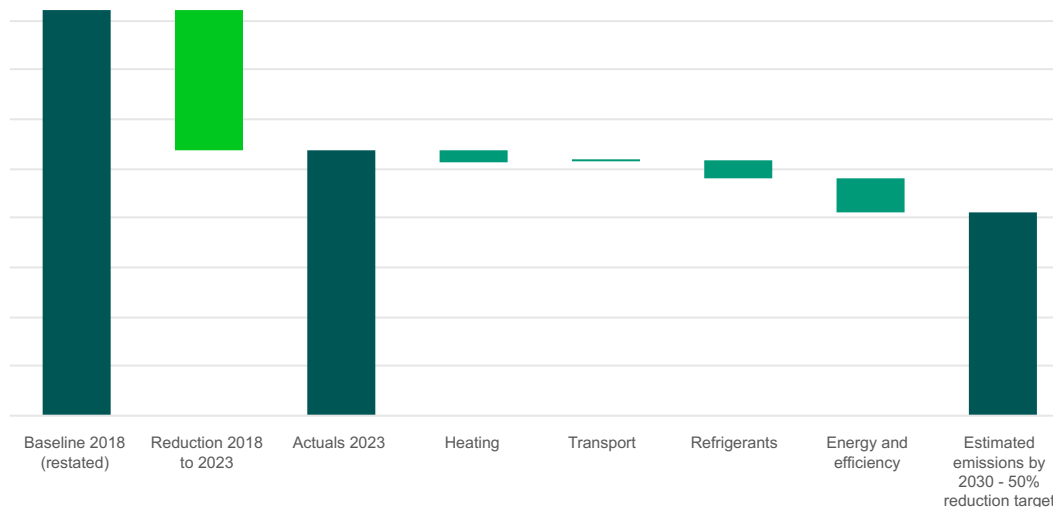
Supplier action

Our ability to drive scope 3 emissions reduction depends on suppliers and customers, as we are dependent also on their efforts. The size and diversity of our supplier network presents challenges in influencing, scaling and tracking decarbonization practices. In some of our local brands' operating regions, industry bodies are not pursuing climate action until 2030; this inaction will create barriers to value chain decarbonization. Our local brands are encouraging suppliers to set science-based climate targets and engaging with them on specific decarbonization measures.

Customer action

Addressing the behavior-action gap is complex to do, as it requires a multi-layered approach and there are many individual and societal factors at play, many of which are not within our direct circle of influence. Our brands' 100 years of experience engaging, inviting, encouraging and nudging consumers will help them facilitate this required change in behavior.

Scope 1 and 2 road to decarbonization: Expected reduction plan for scope 1 and 2 GHG emissions based upon our current best estimate for the period 2024 to 2030



Value chain

The vast majority of our GHG emissions are scope 3, or indirect emissions that take place across our value chain – for example, emissions generated through the production and manufacture of the products we sell and the use of those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the U.S. and Europe each day.

Our scope 3 emissions are driven by purchased goods and services, use of sold products and other categories (e.g., business travel). The category "purchased goods and services" represented 86.2% of our total carbon footprint (scope 1, 2 and 3) or 90.1% of our scope 3 emissions in 2022 (we report scope 3 emissions with a one-year delay).



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Scope 3 target setting under SBTi

In 2022, we updated our scope 3 target in line with the latest guidance on net zero and agriculture-related emissions to align with the 1.5-degree scenario (our previous target set in 2020 was aligned with the well-below 2-degree scenario). We submitted the scope 3 targets to SBTi in early 2023 and were awaiting validation. We selected 2020 as the baseline year for scope 3, given the improved quality and robustness of our local brands' purchasing and supply chain data for that year.

During 2023, we continued to refine our scope 3 emissions calculations and submitted revised targets and emissions inventory, which included the latest guidance on land-related (FLAG) and non-land-related (referred to as Energy and Industrial sector or E&I) emission split in October 2023 to SBTi. We continue to use our 2020 year as our baseline for scope 3, consistent with the prior submission, and the submission is aligned with a 1.5°C trajectory. FLAG refers to the forest, land, and agriculture sector.

In the October 2023 revision, we replaced our 2030 (near-term and long-term) scope 3 GHG emissions reduction targets with two reduction targets, FLAG and E&I sector targets. The estimated FLAG emissions make up 34% of our GHG footprint and apply the SBTi FLAG Standard, with a linear annual reduction of 3.03%. For the E&I sector emissions target, we consider SBTi's 4.2% annual reduction. The near-term reduction targets cover 67% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories, while the long-term reduction targets cover 90% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories.

Overview of the calculation of our SBTi-methodology baseline for scope 3

	2020 actual value (MtCO ₂ e) as reported in the Annual Report 2022	2020 base year emissions inventory for E&I processes used for the SBTi target setting (in MtCO ₂ e) ¹	2020 FLAG base year emissions inventory used for the SBTi target setting (in MtCO ₂ e) ¹	Calculation of near-term SBTi-methodology 2020 baseline		
				% inclusion of category emissions in the SBTi methodology baseline for 2020	E&I processes 2020 baseline calculated using the SBTi methodology and used for target setting (in MtCO ₂ e)	FLAG 2020 baseline calculated using the SBTi methodology and used for target setting (in MtCO ₂ e)
Scope 3 – Purchased goods and services (category 1)	60.1	36.0	23.1	67%	24.1	15.5
Scope 3 – Use of sold products (category 11)	3.2	3.2	—	100%	3.2	—
Scope 3 – Waste generated in operations and waste from end of life of sold products (categories 5 and 12)	0.9	0.9	—	100%	0.9	—
Scope 3 – Business travel and employee commuting (categories 6 and 7)	0.8	0.8	—	100%	0.8	—
Scope 3 – Upstream and downstream transport and distribution (categories 4 and 9)	0.3	0.3	—	100%	0.3	—
Scope 3 – Fuel and energy-related activities (category 3)	0.2	0.2	—	100%	0.2	—
Scope 3 – Other categories (categories 14 and 15)	0.4	0.4	—	—%	—	—
Total scope 3 footprint¹	65.9	41.8	23.1		29.5	15.5
2030 percentage reduction target per SBTi methodology					42.0%	30.3%
2030 reduction target in absolute value (in MtCO ₂ e)					12.4	4.7
2020 baseline for long-term (2050) reduction targets in line with SBTi-methodology for long-term target setting (in MtCO ₂ e) ²					37.8	20.8

¹ The 2020 emissions inventory used for SBTi target setting includes a minor adjustment for category 1 compared to the actual 2020 figure reported in the Annual Report 2022. Note that the 2020 actual figure has been restated in 2023 (after the SBTi submission) to 59.8 MtCO₂e; see *ESG statements* for details.

² In accordance with SBTi guidance on calculating long-term reduction targets, the baseline per SBTi-methodology is similar to the near-term calculation with the exception that 90% of scope 3 category 1 is included, versus 67% for near-term targets.

The submitted targets (against the SBTi-methodology baseline), but pending validation, are:

- We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 MtCO₂e) by 2030 from a 2020 baseline (of 15.5 MtCO₂e).
- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 MtCO₂e) by 2030 from a 2020 baseline (of 29.5 MtCO₂e).

See table *Overview of the calculation of our SBTi-methodology baseline for scope 3* for more details on the calculation.

Our long-term (2050) scope 3 reduction target is consistent with the level of decarbonization required to keep the global temperature increase within 1.5°C of pre-industrial temperatures and consists of the following two reduction targets, similar to our near-term reduction targets:

Scope 3 (2020 SBTi-methodology baseline for long-term targets²) submitted, but not yet validated):

- We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target) of 20.8 MtCO₂e.



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- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target) of 37.8 MtCO₂e.

In addition, we also have the following net-zero target:

- We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.

For setting our long-term and net-zero SBTi targets, we are making use of removals to the extent permitted by the applicable SBTi guidance.

Conversations and responses to queries from SBTi on our submitted scope 3 targets are ongoing.

As a general rule, the use of carbon credits must not be counted as emissions reduction toward the progress of a company's near-term science-based targets. Carbon credits may only be considered an option for neutralizing residual emissions or to finance additional climate mitigation beyond the science-based emissions reduction targets. We follow this principle in our target setting.

Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Key levers

To reduce GHG emissions within our supply chain, we have identified the following key priorities: engaging with our suppliers and farmers, providing an assortment with a lower-carbon footprint, and encouraging customers to choose lower-emission products.

Engaging suppliers to set science-based targets and implement sustainable practices

We engage our suppliers to set emissions-reduction targets in line with the latest science. These emissions-reduction commitments will accelerate improvements in livestock farming, raw material sourcing, processing, transport, packaging, deforestation and food waste reduction. These actions could help address the majority of our scope 3 emissions by 2030.

As of November 2022, more than 50 of Ahold Delhaize's top 100 suppliers have either set science-based targets or are committed to doing so¹.

Livestock farming: GHG emissions from livestock can be reduced by focusing on enteric fermentation and manure management. This involves strategies such as using feed additives (including bovaer and red algae) to reduce methane emissions, harnessing biogas from liquid manure, and adjusting manure pH with sulfuric acid.

Processing: Encouraging suppliers to optimize their production processes through energy efficiency, new machines or switching to renewable energy sources.

Food loss and waste: We seek to combat food loss and waste throughout the value chain across all product categories. This includes losses in agriculture, such as those due to machine failure; post-harvest losses, including from quality defects; losses during processing; and operational waste within our brands' stores. We tackle food waste through various approaches, including maximizing product utilization, for example, through upcycling; refining product management, such as through enhanced demand planning; or enhancing product distribution, including through decreased transit times or optimized routes.

Deforestation-free supply chain: By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the Accountability Framework Initiative or the Forest Resources Assessment. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier. See also *Sustainable products*.

Agricultural practices: Most of our products are agriculture based. Agriculture can have net positive or negative emissions, depending on the underlying practices used. Ahold Delhaize brands seek to engage with suppliers and farmers to reduce or sequester emissions by incentivizing sustainable change through longer-term contracts with concrete environmental requirements and through co-investments on farms. Activities under this lever include optimizing the use of fertilizers and pesticides; using regenerative agricultural methods, such as no-till farming and cover cropping; and taking measures related to agroforestry, afforestation and reforestation.

Low-carbon footprint products

Assortment of products: In collaboration with our suppliers, we seek to reduce the carbon footprint of our local brands' assortments. Our local brands remain committed to empowering customers to make environmentally conscious choices. This strategy varies across our different local brands and can include promoting a health-focused and reduced GHG emissions product lineup, investing in product development, and transitioning from high-emission protein sources such as red meat to lower emission sources such as white meat or plant-based alternatives.

Customer engagement

Proactively engaging with customers (unquantified impact): Customers are encouraged to shift towards lower-emission products. Our local brands continue to help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values.

They do this by stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labelling, improving assortments and products with more vegan and vegetarian choices, and increasing knowledge about a healthy lifestyle by giving access to free dietitians and knowledge platforms.

Recognizing the challenges of behavior change, we focus on addressing customer-identified barriers. We aim to facilitate easier, informed choices through accessible information, inspiration, and incentives. Our commitment includes continuous improvement of our product offerings, ensuring that affordable, healthy, and sustainable options remain accessible.



See the **updated Ahold Delhaize Climate Plan** published in December 2023.

¹ SBTi *Companies Taking Action*



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Scope 3 road to decarbonization

Category 1 – Purchased goods and services are the largest scope 3 category, representing 90.1% of our scope 3 footprint (based upon 2022 actual figures). Therefore, when we started working on concrete plans for reducing scope 3 emissions, we prioritized this category. We identified six levers, plus an “other” category to be quantified.

We considered two scenarios in our analysis. The theoretical reduction potential of the levers remained the same across the scenarios; however, in the lower boundary, moderate achievability was assumed, and, in the upper boundary, accelerated achievability was assumed. We analyzed these two scenarios to understand what the outcomes may be with limited engagement and what would be possible with accelerated engagement.

Ahold Delhaize and its brands are currently working to build fluency and commitment to science-based targets within our supply chain. In addition, we work in partnership with other players in our supply chain to understand the initiatives and levers that they are actioning to decarbonize, linking the carbon reduction quantification of the actions to monitor progress towards our collective GHG emissions-reduction targets.

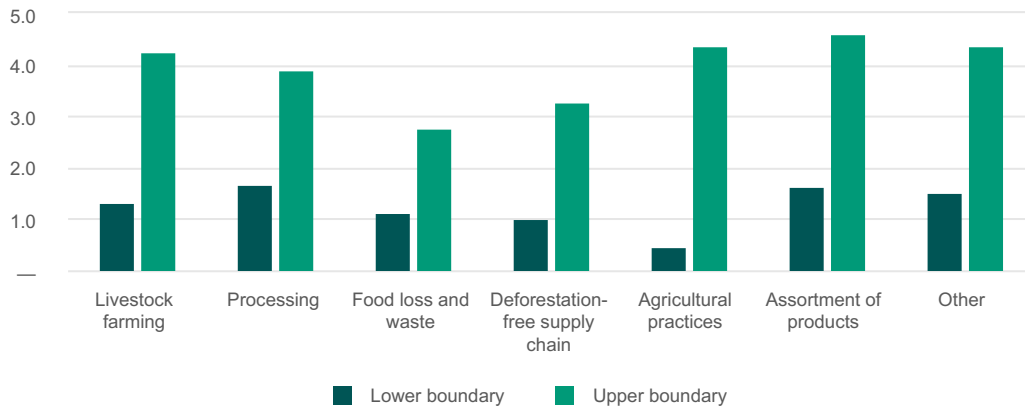
Based on the quantification of the levers, we believe that they have a cumulative estimated reduction potential of between 8.8 (lower boundary) and 27.6 million tCO₂e (upper boundary) by 2030.

Our 2020 scope 3 emissions baseline (using SBTi-methodology) amounts to 29.5 MtCO₂e for E&I GHG emissions and 15.5 MtCO₂e for FLAG GHG emissions. To reach our 2030 revised scope 3 emissions targets, we need to reduce 12.4 MtCO₂e of E&I GHG emissions and 4.7 MtCO₂e of FLAG GHG emissions, totaling 17.1 MtCO₂e. The lower boundary would, therefore, not achieve sufficient reductions for us to meet our 2030 scope 3 targets, while the upper boundary suggests that with accelerated actions, our revised scope 3 emissions targets can be achieved.

Due to the high level of uncertainty around data accuracy and availability, we only report on the estimated reduction potential by 2030 and not up to our long-term and net-zero target date of 2050. Achieving our long-term revised scope 3 emissions targets and our net-zero target will require intense cooperation across the value chain.

- Further analyses are required to increase our confidence in our understanding of the required investment costs and the financial upside related to cost efficiency improvement or new value streams, in order to enable cost-based prioritization across the group. Further analyses might result in different prioritization and, thus, different reduction over time.
- The reduction potential of some of the levers is driven by uncertain consumer behavior – for example, the hampering adoption of less carbon-intensive meat. Reduction potential is also limited or uncertain due to a lack of existing solutions available and high upfront costs, as well as upskilling, required.
- We expect that new technology and enhancements to existing technology over the coming years will create new opportunities for reducing emissions, and these developments are also critical to achieving our net-zero targets.

Cumulative estimated reduction potential of scope 3 decarbonization levers by 2030 (in MtCO₂e)



Scope 3 emissions is a rapidly evolving and critical topic, and significant innovation around financing, technology and accounting is still required. While more work will be required to further enhance our scope 3 roadmap across our global supply chain, we are committed to stimulate and take action.

Assumptions used in scope 3 emission reduction calculations

Our ability to achieve our GHG emissions reduction targets with the actions above is based on the following assumptions:

- To a large extent, achieving our scope 3 targets will require specific actions by suppliers and farmers, to be driven by the suppliers and farmers independently.

Carbon removals and neutralization of remaining emissions

Ahold Delhaize is committed to decarbonizing its operations and value chain and has set reduction targets in line with the SBTi (which are currently submitted, but pending validation by SBTi). Nevertheless, a certain amount of GHG emissions in the food sector will be difficult to abate. Even though we see technologies and business cases evolving in the industry to further reduce emissions, we must also plan carbon removal strategies for residual emissions.

While there are some levers available today to reduce emissions in the agriculture sector, complete elimination of these emissions remains a challenge.

Carbon-removal strategies, including regenerative agriculture practices, hold promise, but their efficacy depends on the health and quality of the soil, making them context-specific solutions.



CLIMATE

CLIMATE CHANGE CONTINUED

As a result, beyond working to reduce our agricultural emissions as much as possible, we are also exploring further carbon-removal strategies, which also fall under the neutralization of hard-to-abate emissions category, according to SBTi.

Nature-based solutions

As part of our comprehensive climate action plan, we are investigating nature-based solutions within and outside of our operational value chain. This approach includes afforestation and reforestation projects, the use of bioenergy, the preservation of natural carbon sinks and the restoration of ecosystems. While these strategies are valuable, they offer relatively short-lived carbon storage solutions.

Technological solutions for long-lived storage

Complementing our natural and nature-based efforts, we are evaluating engineered solutions for long-term carbon storage. These methods aim to capture GHG emissions and store them safely over an extended period of time.

When looking for effective carbon-capture solutions, we take several key considerations into account. These guiding principles influence our decision-making process and shape our approach to carbon capture technologies.

These considerations include:

- Permanence and long-term effectiveness
- Potential scalability
- Environmental impact
- Displacement of emissions
- Mitigation hierarchy

In 2024, we will continue to develop our long-term plan for carbon removals to address hard-to-abate emissions. However, our focus now remains on investing in decarbonization

opportunities across our local brands' operations and value chains.

Risk management

Ahold Delhaize identified climate and nature-related risks as a principal risk that has the potential – in varying degrees – to impact our business in the short, medium and long term. See [Risk and opportunities](#) for more information on our principal risks.

We face potential physical risks from extreme weather, water scarcity and other effects of climate change on our business. Changing consumer preferences and future policy and regulation associated with the shift to a low-carbon economy present transition risks but also opportunities for our business.

Ahold Delhaize's business strategy provides a degree of resilience to some of these risks, particularly the physical risks. For example, our diversified supply chain approach helps to provide some resilience to the impacts of climate change on particular areas; and our large physical store footprint, widespread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

The process for assessing and identifying climate-related risks is the same as the process we use for the principal risks and is described under [Risks and opportunities](#). For more information on how we manage risks, see [Risk management](#) in the [Governance](#) chapter.

As part of the ERM process, our teams have considered climate and nature-related risks on a brand level and identified more specific risks and mitigating actions, where applicable. These risks and actions were assigned to specific owners in the business for mitigation and management.

Climate-related risk assessment

Climate-related risks are typically thought of in two categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as revenue loss or direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and associate safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business.



See our **2023 CDP** response for further detail how we are responding to climate impacts.

Work completed prior to 2023

Between 2020 and 2022, we conducted two phases of analysis to better understand climate-related risks and the potential material impacts on the value chain. The scenario analysis that we performed modeled the potential financial impact on our value chain, under plausible future climate scenarios. We also performed a deep dive into understanding the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe).

For more information on the work done and the outcomes, see our [Annual Report 2022](#).

Based on the 17 vulnerabilities identified in Phase I, we selected the following six most significant risks for further analysis in our Phase II deep dive:

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
The impact of carbon pricing on gross margin	<ul style="list-style-type: none"> • Regulation/pricing on GHG emissions 	Transition risk
The impact of agricultural yield decreases and yield losses on revenue and gross margin	<ul style="list-style-type: none"> • Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise 	Physical risk
Revenue losses resulting from disruption of stores and DCs (operations) due to climate events	<ul style="list-style-type: none"> • Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise 	Physical risk



CLIMATE

CLIMATE CHANGE CONTINUED

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
Increasing costs resulting from asset damage due to climate events	<ul style="list-style-type: none"> Increase in extreme weather Increase in extreme heat waves Increase in temperature and droughts Sea-level rise 	Physical risk
The impact of climate change on energy costs	<ul style="list-style-type: none"> Increase in temperature and droughts Regulation/pricing on GHG emissions 	Transition risk
Changes in gross margin from changing customer diets	<ul style="list-style-type: none"> Shift in customer expectations 	Transition risk

Work performed in 2023

During the year, we continued to build on our internal climate-related risk scenario modelling capabilities. To strengthen our climate-related scenario analysis and work toward improving our adaptation and mitigation action plans, in 2023, we partnered with external consultants to implement a climate risk assessment tool to conduct a more detailed scenario analysis and assist us in estimating the potential financial impacts of physical climate hazards across various climate scenarios for our owned and leased assets.

This tool uses models that we believe to be the latest climate science, and by combining this with changes in external climate-related trends and our own financial and business data, it creates a digital twin of our company that is used to

estimate potential financial impacts arising from climate-related risks.

Our initial risk assessment using the tool focused on identifying and assessing the potential financial implications of climate-related physical risks on our own operations, across short (five-year), medium (10-year) and longer-term (up to 2040) time horizons.

It also helped us to identify further improvements to the data included in the tool, and how risks are modelled. We will continue in 2024 to make improvements and enhance our data set, and thereby our assessment. We will also further explore each risk identified as part of this modelling, and we are working with relevant business teams to develop our risk management and mitigation and adaptation plans.

Scenarios

The climate risk assessment tool's Climate Hazard Atlas assesses scenarios derived from the Shared Socioeconomic Pathways (SSPs) which were used in the IPCC's development of the Sixth Assessment Report (AR6). SSPs provide five different narratives for possible future emissions pathways, considering variable factors, such as rates of development and economic growth, equality and other socioeconomic conditions. Each SSP pathway aligns with different temperature outcomes by the end of the century (2100), based on GHG emissions and assumptions, which are reflective of those assumptions developed in the Representative Concentration Pathways (RCPs).

While all five SSP scenarios are included in the tool, our analysis of the initial outcome focus on the No Policy (SSP5-8.5) scenario (with the greatest potential physical impacts) and the Paris Ambition (SSP1-1.9) scenario, which is aligned with the trajectory to limit warming to 1.5° C in line with the Paris Agreement, assuming no mitigation and business as usual.

Scope and assumptions

From a risk perspective, currently two of the three physical risks listed in the table above are included in the assessment: increasing costs resulting from asset damage due to climate events and revenue losses resulting from disruption of stores and DCs (operations) due to climate events.

The potential climate impact of agricultural yield decreases and yield losses on revenue and gross margin is not included, but is on our roadmap for inclusion in due course.

For our initial analysis, we included over 5,700 locations, spread across the U.S. and Europe, representing 12 customer-facing brands and two non-customer-facing brands and approximately 89% of revenue and 67% of the number of facilities. The scope will be extended in the future to include all brands and revenue.

Climate change risks arise from the interaction between hazard (triggered by an event or trend related to climate change), vulnerability (susceptibility to harm) and exposure (people, assets or ecosystems potentially impacted) (IPCC, 2014). A total of eight hazards are included in our initial analysis: heat waves, freezes, droughts and water stress, flash flooding, coastal flooding, riverine flooding, temperate windstorm and tropical windstorms.

We reviewed the outcomes by reference to potential estimated impact on revenue and thresholds established in our ERM process. The estimated Total Revenue Impact is a combination of the modeled revenue impact from each of the climate hazards, which inherently assumes that all hazards occur to the most extreme extent in the given time period. Since it is unlikely that all hazards will materialize in such a way, it is important to take this methodology assumption into account when assessing the impacts.

The hazards and their consequential revenue disruption are all individually assessed. The valued disruption is per hazard and does not take

into account the impacts one hazard may have on another or the reality that one hazard might exacerbate the impact of another hazard.

Our assessment has not yet looked at the asset-damage impact as a result of the occurrence of a potential climate event. This will be further analyzed in 2024.

Outcomes

In the No Policy scenario, the model suggests that three hazards (flash flooding, riverine flooding and heat waves) may pose a significant threat, with their impacts categorized as "very high." Conversely, the Paris Ambition scenario reveals a more nuanced risk landscape, where flash flooding and riverine flooding may still pose a "very high" impact, while heat wave is downgraded to a "high" impact level. This is because the Paris Ambition scenario assumes more ambitious climate policy action and mitigation efforts to curb the impacts of climate change and, therefore, reduce overall physical impacts.

Across our brands' markets, locations in the U.S. and the Netherlands have the highest potential impact from riverine flooding, with the U.S. experiencing the highest potential revenue disruption from riverine flooding. According to the models, quite a few of the U.S. brands' market areas are expected to experience a reduction in riverine flooding risk exposure in the long term, while our brands' Dutch stores will all see an increase of riverine flooding disruption. This analysis does not account for any mitigation or adaptation efforts that have been put in place.

With regard to flash flooding, the models suggest that, while sites have potentially low revenue disruption, overall a larger population of sites in the U.S. might be affected by flash floods in the future. Compared to riverine flooding, there are almost twice as many locations modeled to potentially experience some form of disruption due to flash floods.



CLIMATE

CLIMATE CHANGE CONTINUED

For example, in December 2023, the Kennebec River flooded its banks in the town of Gardiner, Maine, causing damage to a local Hannaford supermarket.

The potential revenue impact per facility for heat waves is also projected to be low across time horizons according to the No Policy and Paris Ambition scenarios, although the impact is higher in the No Policy scenario compared to the Paris Ambition scenario, consistent with a higher warming trajectory in the No Policy scenario.

As noted, our climate risk scenario assessment is ongoing, and we have not yet come to a final conclusion about the potential financial value at risk (estimated by revenue loss). Our current assessment reviews potential gross risk, as it does not account for adaptation or mitigation efforts. In 2024, we will continue our assessment to determine the potential revenue and asset impact, net of mitigations and adaptations to assess the net potential impact from climate change.

Next steps

This analysis provided us with insight into exposure to various physical climate hazards across our operations and a sense of which climate risks may be most threatening in different regions and for each brand. The hotspot assessment provides an initial guide for our brands to further investigate the mitigation and adaptation solutions that have been implemented or may be available at facilities with elevated climate hazard exposure. We plan to use the results to evaluate existing resilience strategies such as design standards, business continuity plans and local climate action plans, to further understand the residual risk these facilities face from a changing climate.

Moving forward, we will also begin to integrate these results and findings into our strategic planning and operations. For example, we are considering how to further adapt the Company's ERM system and processes to adequately assess

and prioritize climate-related risks. Gaining a deeper understanding of the vulnerability of key locations across our brands will help to prioritize additional mitigation and adaptation efforts to reduce risk exposure and build resilience to the potential future impacts from climate change.

Managing climate-related risks and opportunities

The modeling scenarios prepared in the climate risk assessment tool (and in the past) are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations; for example, the scenario analysis required us to pick specific factors and model them using fixed assumptions.

We, therefore, look more broadly at the initial results, and will share the outcomes with the brands for further analysis and incorporation into the ERM process.

Overall, as awareness and knowledge is key to driving action and change, in 2023, we provided training on climate-related risk management to brand management teams and associates in our company (Vice President level and above), in cooperation with the Cambridge Institute for Sustainability Leadership.

The actions and progress to address the impact of climate-related risks on our business (in addition to the scenario analysis work described above) are further explained below. Our actions to reduce our impact on the climate are described below as part of our activities to reduce GHG emissions as discussed earlier in this chapter.

Physical risks

- We limit financial losses by procuring property damage and business interruption (PDBI) insurance against damage from natural catastrophes and weather-related events. We also consider climate-related risks such as floods, hurricanes and winter storms for our larger projects.

- In parallel, our Global Asset Protection function runs an extensive risk engineering program across all our brands to understand, quantify and mitigate a variety of hazards, including natural catastrophes. Risk engineering specialists visit our network of distribution and HSCs on an annual rotation to perform comprehensive risk assessments and provide actionable improvement recommendations. The results of those assessments assist site management and Global Asset Protection in implementing risk mitigation measures proactively and effectively, ensuring better resilience against physical risks.

- On a forward-looking basis, we leverage the expertise of the risk engineers for new building designs and construction projects to implement risk mitigation elements during the planning phase.

- Our brands implement various adaptation measures aim to protect the business from climate change impacts. For example, in Greece, our Alfa Beta brand limits impacts from changes in precipitation by installing electrical cable resistors in rainwater gutters to melt ice, using alarm systems to alert if water levels rise and, in stores with a higher risk, placing metal doors in basements to avoid water inflow. They also have measures in place that aim to protect equipment from water inflow due to flooding, and wells are equipped with underwater pumps to remove water from basements.

- Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement and decreasing agricultural yields. This includes working with producers and cooperatives that invest in greenhouse facilities that can support environmental conditions optimal for production or regenerative agricultural practices. Our brands' vegetable producers invest in new hybrid varieties, such as tomatoes and cucumbers, and new varieties of leafy

vegetables that can withstand extreme temperatures or diseases and, in some cases, move their production areas to higher altitudes to avoid high temperatures.

Albert Heijn's Better for Nature and Farmers program works with Dutch dairy, poultry, pork and vegetable farmers to implement practices that increase the resiliency of the land and agriculture to climate change, such as planting native herbs and clovers on parts of their grasslands.

Hannaford partners with several controlled environment agriculture (CEA) vendors to source product that is grown using methods to minimize waste and maximize efficiency. They have continually added more assortment from CEA suppliers, such as peppers, greens, strawberries, cucumbers and tomatoes. With the controlled growing environment, the Hannaford team is able to guarantee customers quality items from closer to home.

- Our brands also disperse the risk of availability problems by collaborating with a large number of producers and strategic partners in different areas. We are actively engaging with strategic partners to further understand potential climate-related risks of sourcing products and pursue opportunities to mitigate potential sourcing challenges. We have strategic sourcing processes in place for key commodities and products.

Transition risks: Regulatory risks

- We started applying an internal carbon price to investment proposals from the local brands in 2021. We continue to fine-tune the model and further develop climate criteria for CapEx proposals, including guidance on how to link eligibility and alignment reporting under the EU Taxonomy. We also monitor our investment proposals against our net-zero ambition calculations.



CLIMATE

CLIMATE CHANGE CONTINUED

- We aim to reduce our carbon footprint by identifying and implementing ways of making equipment in use and buildings more energy efficient – see [Own operations \(scope 1 and 2\)](#) above.
- We are also mitigating regulatory risks through our work on sustainable packaging, food waste, sustainable sourcing, reformulation of own-brand products, product transparency and the expansion of our brands' ranges to include more low-carbon products.

Transition risks: Market risks

- Our net-zero ambitions identified the use of renewable energy as a way to reduce our carbon footprint. While our brands continue to make use of opportunities to place more solar panels, they also actively pursue the acquisition of other sources of renewable energy, such as PPAs for green energy. For example, Albert Heijn announced that it will purchase green energy from Eneco, produced on a wind farm still to be built, securing approximately half of its own electricity needs from 2027 onwards.

As a result of initiatives in this field, 40% of the electricity consumption from our brands came from renewable sources in 2023, compared to 24% in 2022.

- Our brands in Europe are working to increase their assortments of plant-based products and make them more visible to customers. For example, Albert Heijn launched its new AH Terra own-brand product line, offering around 200 plant-based products – including 58 new products – as alternatives to traditional products. The plan is to continue to add more items under this product line in the future.

Opportunities

In our view, the impacts of climate change also offer opportunities. By becoming more resilient as a company, we are of the opinion that we will be able to attract people who have a strong desire to work for a company that is taking responsibility for its impacts and acting to mitigate climate change.

We are also advancing our activities in sustainable finance, and have seen some initial successes, including our MSCI ESG rating being upgraded from AA to AAA and the issuance of our €500 million Green Bond in March 2023, which reinforces our commitment to achieving net zero.

In September 2023, Ahold Delhaize established a Sustainability-Linked Commercial Paper Program allowing the Company to issue Commercial Paper up to a maximum outstanding balance of €1.5 billion. This program further commits Ahold Delhaize to meeting its environmental ambitions by introducing a penalty in the event GHG emissions or food waste reduction targets are missed.

How we measure performance

- Percentage reduction in absolute GHG emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.

See [ESG statements](#) for our performance, as well as our reporting on [EU Taxonomy](#).

Our targets

In order to ensure that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations, we have set the following targets.

The finalization of our climate risk scenario assessment will be used to define targets for adopting practices to manage risks that could occur as a result of climate change.

TIMELINE	TARGET
SCOPE 1 AND 2 (2018 BASELINE)	
Short term	>38% reduction by 2025 ¹
Near term	50% reduction by 2030 ²
Long term	Net zero: 90% reduction and 10% removals by 2040 against a 2018 baseline ²
SCOPE 3 (2020 SBTi-METHODOLOGY BASELINE)	
Short term	<ul style="list-style-type: none"> • Suppliers representing 70% of our footprint will be asked to commit to SBTi by 2025. • All our suppliers will be asked to report on scope 3 by 2025.
Near term ³	<ul style="list-style-type: none"> • We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 MtCO₂e) by 2030 from a 2020 baseline (of 15.5 MtCO₂e)⁴. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 MtCO₂e) by 2030 from a 2020 baseline (of 29.5 MtCO₂e)⁴.
Long term ³	<ul style="list-style-type: none"> • We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target) of 20.8 MtCO₂e^{5,6}. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 MtCO₂e) from a 2020 baseline (for long-term target) of 37.8 MtCO₂e^{5,6}.
Net zero	<ul style="list-style-type: none"> • We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050^{5,6}.

- 1 The 2025 target has been increased to >38% from 34% last year to align future ambitions with 2023 performance.
- 2 The SBTi has approved Ahold Delhaize's scope 1 and 2 near-term science-based emissions reduction target. This target is based on a 1.5-degree decarbonization pathway.
- 3 The near-term and long-term scope 3 emissions reduction targets, split between FLAG and Energy and Industrial emissions, have been adjusted following a resubmission of these targets to SBTi in 2023. We previously reported a combined near-term target of 37% by 2030. See [Our material topics](#) for more detail.
- 4 Committed, but not yet approved by SBTi, the target is based on a 1.5-degree decarbonization pathway. See [Scope 3 target setting for SBTi](#) for more detail.
- 5 Ahold Delhaize has also committed to set long-term scope 3 emissions-reduction and net-zero targets by 2050. These targets are submitted, but not yet validated by SBTi. See [Scope 3 target setting for SBTi](#) for more detail.
- 6 In the setting of our long-term and net-zero SBTi targets, we are planning to also make use of removals to the extent permitted by the SBTi guidance.



CIRCULARITY

FOOD WASTE

Definition

Promoting responsible handling of unsold food to reduce food waste and increase reuse of food waste and the recycling of food that is wasted along the supply chain, in distribution and operations as well as in customers' homes. Contributing to creating a food system that is based on the principles of the circular economy.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Food waste remained an important topic worldwide in 2023. Food waste does not only negatively impact food security, it also fuels climate change. If food ends up in a landfill, it produces methane, a GHG that contributes to climate change – and when food is wasted, all the energy and water associated with growing, harvesting, transporting and packing the food are also wasted.

The 2023 progress report of Champions 12.3 mentions that, based upon the latest available data, about 8% of all food produced in the world for human consumption is lost on the farm; 14% is lost between the farm gate and the retail sector; and 17% is wasted at the retail, food service provider and household levels, resulting in significant impacts on human livelihoods and well-being, the global economy and the environment.

Our impact

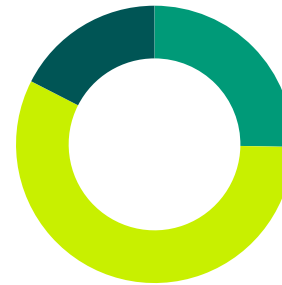
Food waste can have negative environmental, social and financial impacts. Our brands continue to reduce the amount of food that is wasted as much as possible, in our supply chains, stores and even at customers' homes. By reducing the amount of food waste at the source and donating surplus products to food banks, we can reduce our environmental impact while creating a positive social impact.

Moreover, food loss and waste generates about 8-10% of global GHG emissions annually (IPCC, 2020).

Unsold food also negatively impacts our financial results due to the lost margin. In 2023, Ahold Delhaize brands donated 76 thousand tonnes of unsold food to feed people and reported 225 thousand tonnes of food wasted; thus a total of 302 thousand tonnes of unsold food.

A total of 77% of the food wasted in 2023 was recycled (or 57% of the total unsold food, which includes both food donated and food waste as well as food waste disposed); the remainder was sent to landfill or incinerating facilities.

Application of unsold food



● Unsold food donated to people	25%
● Total tonnes of food recycled	57%
● Total tonnes of food waste disposed (landfill or incineration)	17%
Total of unsold food (302 thousand tonnes)	100%

For the 57% food recycled as percentage of total unsold food, the recycling destinations are as follows:

Destinations of food recycled



● Animal feed	17%
● Anaerobic (biogas)	69%
● Aerobic (compost)	7%
● Bio-based materials/ biochemical processing (rendering)	4%
● Recycling other (e.g. converted to biodiesel)	3%



CIRCULARITY

FOOD WASTE CONTINUED

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste.

1. Reducing food waste

We reduce food waste across our brands' operations, including stores, warehouses and transport. Specific actions, which can differ by brand and location, include working with suppliers to buy smarter; introducing discounts on almost-expired products; and using technology, such as dry misting in the fresh food department and electronic shelf pricing.

For example, the Better for Nature and Farmer (Beter voor Natuur & Boer) growers from Albert Heijn use a new AI-powered scanner to determine strawberry shelf life. Because the shelf life of each strawberry harvest varies – for example, due to weather conditions – sometimes strawberries last three days, and sometimes a whole week. This varying quality can lead to food waste. With the scanner technology, growers know the exact shelf life of each strawberry harvest and can use this to optimize “best by” dates – for example, by shipping locally. The technology has saved at least 70,000 kg of strawberries from food waste. Albert Heijn intends to apply it to other types of fruit to further reduce food waste. Based upon lessons learned from this initial application of AI, the brand will explore further opportunities with more impact.

2. Diverting surplus food

We divert surplus food to food banks, charities and innovative operations, such as restaurants that cook with unsold food.

In September 2023, Maxi in Serbia started working together with the Food Bank of Vojvodina to help people in need. Associates help distribute food packages every evening in front of a Mega Maxi store in Beograd. Each person in need receives a package containing about eight kilograms of pastries, fruit, vegetables and grocery products that are close to their expiration date or have damaged packaging.

3. Recycling to divert from landfill

We send food no longer suitable for human consumption to other recycling methods, to divert it from landfill. These methods can include animal feed production, green energy facilities or industrial uses.

In addition, Albert Heijn sells leftover packages (AH Overblijvers). These packages contain products that are left over at the end of the day and can be bought together. The initiative is expected to prevent approximately 4.5 million kilogram of extra food waste each year. In addition, all Albert Heijn stores provide dynamic markdown of perishable products approaching their sell-by date. The exact discounts – ranging from 25% to 70% – are automatically shown on the electronic price tag. An algorithm developed by Albert Heijn, automatically calculates the best discount, so that no unsaleable products are left over at the end of the day. This means less food is wasted and customers benefit from access to lower-priced products.

In June 2022, Divert launched a waste food recycling program with Giant Food to reduce the amount of organic waste going to landfill. Giant's stores mark down, repurpose, or donate unsold and still edible food to local food banks whenever possible. For the food that cannot be repurposed or donated, Divert is able to recycle it and recoup its value by processing the wasted food into renewable energy.

Giant Food and Divert, Inc., reported in August 2023 that more than 30.8 million pounds of wasted food was processed in the first year of their collaboration.

We also support other innovative ideas to combat food waste, joining forces with third parties where needed. For example, Delhaize Belgium and start-up Wastech launched the “From Waste to Feed” project, an innovative system that, for the first time, uses live larvae to process food surpluses. Unsold fruit and vegetables from the supermarket are put to good use, because the larvae that eat the surplus food are then processed into protein as a supplement for animal feed. Through this project, Delhaize is actively combating food waste and reducing GHG emissions. In addition, larvae as an ingredient processed into pet food is a perfect alternative to the widely used soy, which often has a large ecological footprint.

We also look further than our own operations to fight food waste. For example, in December 2023, Ahold Delhaize USA announced its role as a founding participant in the U.S. Food Waste Pact. This national voluntary agreement was put forth by partners at ReFED – a national nonprofit working to end food loss and waste across the food system – and the World Wildlife Fund (WWF), the world's leading conservation organization. The pact aims to assist our U.S. brands, and all food businesses, in making impactful progress on food waste reduction goals through pre-competitive collaboration.

Ahold Delhaize is also a founding member of the World Resources Institute 10x20x30 initiative through which retailers partner with suppliers to root out food loss and waste in the food supply chain.

While we would like to do even more to reduce food waste, our efforts are sometimes limited by external factors, such as the infrastructure of hunger relief organizations in certain of the markets our brands serve.



See our website for more information on **food waste**.

How we measure performance

- Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.

See [ESG statements](#) and [Performance review – Food waste](#) for our performance.

Our targets

TIMELINE	TARGET
Short-term	We have a target of >40% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2025 ¹ .
Medium-term	We have a target of 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2030.

¹ The 2025 target has been increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.



CIRCULARITY

SUSTAINABLE PACKAGING

Definition

Implementing practices to reduce product and transportation packaging and increase reusable, recyclable or compostable packaging material use, where possible. Working with stakeholders to support the transition to a circular economy for packaging.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Across the globe, millions of tonnes of plastic end up in landfills, burned or leaked into the environment – and that amount is rising every year.

Ahold Delhaize has joined large consumer goods companies like Nestlé, Unilever, The Coca-Cola Company and PepsiCo, among others, as signatories to the New Plastics Economy Global Commitment (“The Global Commitment”), which is led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme. The group has set ambitious 2025 targets with the aim to realize a common vision of a circular economy in which plastic never becomes waste. The *Global Commitment 2023 Progress Report* concluded that while strong progress is being made in some areas, the 2025 target of 100% reusable, recyclable, or compostable plastic packaging will almost certainly be missed by most organizations. Flexible packaging and lack of infrastructure continue to be the main barriers. The prospect of not meeting all of the group’s 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.

Our impact

Different types of packaging, such as glass, paper, aluminum and plastic are used to pack the products sold by Ahold Delhaize and its brands. From a circular economy and environmental perspective, our main focus is on plastic packaging and on reducing own-brand primary plastic product packaging, as this has the most direct impact on reducing our footprint.

Our brands continue to improve their own-brand product packaging by eliminating unnecessary plastic, switching to reusable and/or recyclable packaging, and increasing the use of recycled content in own-brand plastic packaging.

In our business model, we mainly consume plastics through our own-brand products and various CPG suppliers that manufacture branded products delivered to our own operations.

In 2023, Ahold Delhaize brands put 169 thousand tonnes of own-brand primary plastic product packaging on the market, of which 28% is currently reusable, recyclable or compostable.

For national-brand products, the influence we may have on our suppliers is limited, and we are dependent on the information they are willing to provide to our brands.

We encourage our national-brand product suppliers to pledge to The Global Commitment and become members of the Ellen MacArthur Foundation plastic pact, which requires them to set ambitious 2025 targets to help realize the common vision with strict monitoring by the Foundation. Many of our significant suppliers have already made this commitment, including Nestlé, PepsiCo, The Coca-Cola Company, Unilever, Mars Incorporated and L’Oréal, along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands’ operations.

We monitor progress through The Global Commitment Progress Report, through which all the signatories provide an update to the Ellen MacArthur Foundation on the progress they made on their commitments during the year. The key findings from the 2023 report were:

- 1 While progress is being made in some areas, key 2025 targets (for example, the target of 100% reusable, recyclable, or compostable plastic packaging) are expected to be missed.
- 2 The continued growth in total packaging weight reinforces the importance of stepping up efforts to design out the need for single-use packaging in the first place; doing so will require rethinking not just packaging, but also products and business models.

Accelerating ambition and progress on direct elimination is essential, and further collaboration throughout the system is required to ensure innovative elimination methods are successful where packaging cannot currently be directly eliminated.

- 3 Significantly accelerating virgin plastic reduction will require a substantial increase in uptake of post-consumer recycled (PCR) content, as well as an extensive reduction in total plastic packaging use.
- 4 On top of the important elimination and reuse actions, reaching 100% reusability, recyclability or compostability will require overcoming pivotal hurdles around flexible packaging and the scaling of infrastructure.

- 5 Businesses are encouraged to collaborate with all actors in the value chain to improve collection, sorting and recycling systems, and drive collective investments into recycling technologies and infrastructure, particularly for packaging that is not yet recyclable in practice and at scale, such as polypropylene (PP) pots, tubs and trays and polyethylene terephthalate (PET) thermoforms.
- 6 A global rollout of well-designed and implemented Extended Producer Responsibility (EPR) programs for packaging is essential to meaningfully scale collection and recycling infrastructure. Businesses can support and accelerate this by actively advocating for mandatory EPR programs consistently across geographies.



See the [Ellen MacArthur Foundation website](#) for detailed insights on the retail and food sectors' progress on and challenges in reducing plastic waste.

Our approach and progress

Our approach to sustainable packaging is primarily focused on our own-brand products and their primary plastic packaging, as we control the processes within the value chain.

For national brand products, we do not control the plastic consumption or usage within the value chain and we do not always receive detailed data on the type of plastics used in these products. Our approach for branded products is, therefore, to encourage CPG suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.



CIRCULARITY

SUSTAINABLE PACKAGING CONTINUED

We also work with several umbrella organizations to find solutions for sustainable packaging. Some of our brands are members of national plastic pacts that are implementing solutions towards a circular economy for plastic. For example, Albert Heijn is a member of the Dutch Plastics pact, while Ahold Delhaize USA is a member of the U.S. Plastics Pact and the Sustainable Packaging Coalition, a membership-based collaborative that believes in the power of industry to make packaging more sustainable.

In line with guidance from the Ellen MacArthur Foundation, we follow a framework designed to help us move toward a more circular system for own-brand products, through:

1) Elimination

Eliminating problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority. To achieve a circular economy, we need to curb growth in the total amount of material that needs to be circulated. While plastics bring many benefits, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and sometimes plastic packaging can be avoided altogether while maintaining utility. Elimination is about more than bans on straws and plastic bags – it is a broad innovation opportunity.

For example, Stop & Shop implemented plans to eliminate all single-use plastic bags from its stores across the Northeast U.S. in the summer of 2023. Customers are encouraged to use reusable bags, and Stop & Shop sells various types of these bags at its stores, including one type that costs just 10 cents. The supermarket also offers community reusable bags with \$1 from every purchase going to a local nonprofit.

Alfa Beta launched a new type of paper packaging for its “AB think BIO” organic tomatoes, apples and pears that has the potential to save more than 4,000 kilos of plastic annually.

Ahold Delhaize’s European brands joined forces to launch an EU-wide tender for the trays used in stores to pack delicatessen products, such as olives, salads, cheeses and pastries. This tender was initially set up to harmonize the assortment and save costs, but, along the way, the team also managed to take a big step towards sustainability. In addition to changing to the same shape and size of the trays, the project team also convinced the local teams to opt for more sustainable material. The items that were still made of non-recyclable polystyrene (PS) were transformed into recyclable PET (rPET) or PP. Moreover, a minimum of 80% recycled content was added to all rPET trays, at least half of which comes from post-consumer waste.

2) Shift to reusable

The shift away from single-use towards reusable packaging is a critical part of reducing the negative impact of plastic usage. However, in order to have a real impact, reuse models need to be taken from niche to scale. The Global Commitment states in its 2023 Progress Report that strong policy measures will be crucial to enable the scaling of reuse, and unlock the significant benefits it can offer. In parallel, businesses should drive progress where they can.

Several Albert hypermarkets offer “packaging-free” walls that feature several modules of products in smart or reusable packaging. In the food modules, customers can find dry goods, ranging from breakfast mixes to nuts, cereals, pasta, pulses and seeds, most organic and almost half from the Nature’s Promise own brand. The drugstore section provides products such as washing powder and baking soda and the liquid drugstore range offers basic liquid cosmetics such as soap and shampoo, along with detergents and cleaning products. For grocery products, customers can choose whether to use smart reusable resealable containers, which can be returned to the store after use, or come with their own containers. The hypermarket in Chodov, for example, offers more than 80 items in smart packaging for customers to choose from.

3) Recyclable or compostable in practice and at scale

The recyclability of product packaging is complex, as it often comprises several different materials.

Designing packaging to be reusable, recyclable or compostable is an essential step, but a circular economy is only realized if packaging is actually reused, recycled or composted in practice. This requires the necessary systems to be in place to collect, sort and effectively reuse, recycle or compost the packaging.

“Recyclable” means different things to different people in different contexts. In the context of The Global Commitment, “technically recyclable” is not enough. Recycling needs to not just work in a lab – it should be proven that packaging can be recycled in practice and at scale.

An important step to assess the recyclability of plastic packaging for Ahold Delhaize is to find evidence that, for each plastic packaging category in our own-brand portfolio, an infrastructure for recycling exists in practice and at scale today. That means, essentially, a recycling rate of 30% or higher in geographies together covering more than 400 million inhabitants on the basis of the data in The Global Commitment’s Annual Recycling Rate Survey. In several of our brands’ markets, and for several plastic packaging types, this is not yet the case and, as a result, the plastics are not reported as recyclable even though they may technically be recyclable.

For some packaging categories – such as most rigid plastic packaging – in some geographies, designing technically recyclable plastic packaging is a crucial first step to facilitate the scaling of the necessary infrastructure to collect, sort and recycle these packages in practice.

Design changes, such as removing undetectable carbon black pigment and removing or redesigning components such as caps, lids, pumps and trigger sprays, have the potential to not only increase overall recyclability but also stimulate the scaling of essential infrastructure.

Similar to how recyclability is defined, for compostability, The Global Commitment also moves beyond technical compostability (i.e., meeting relevant international compostability standards) to compostability proven to work in practice and at scale.



CIRCULARITY

SUSTAINABLE PACKAGING CONTINUED

The “in practice and at scale” requirement and suggested threshold result in some signatories reporting low or moderate recyclability percentages today. The threshold also means that progress towards 2025 targets can be expected to follow a “lumpy” trajectory (e.g., if infrastructure to collect and recycle certain high-volume categories of packaging reaches the threshold scale requirement, recyclability scores would increase significantly). Working toward an ambitious 2025 target and creating transparency on current recyclability percentages demonstrates signatories’ commitment to driving change at scale.

It should be noted that recyclability and compostability percentages reported as part of The Global Commitment are not comparable to assessments and claims of recyclability using different definitions or methodologies. The definitions of recyclability and compostability used in the context of The Global Commitment are designed to be applied at a global level and are not linked to any specific geographical area, local context, or regulations, or on-pack recyclability or compostability labels.

Food Lion partnered with Sealed Air, Fieldale Farms and ExxonMobil on an advanced recycling initiative. This pilot turned flexible plastics collected from nearly 180 Food Lion stores serviced by a DC in Greenville, South Carolina, into new food-grade packaging that is put back into the supply chain in a continuous cycle, diverting it from landfills. After a viable pilot, the process is now being evaluated for scale throughout Ahold Delhaize. This circular solution for food packaging waste was the first of its kind in the United States.

For our own brands, we have set a target to ensure 100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025. We expect that we will not achieve this target, due to issues ranging from the scaling up of reusable packaging to the availability of a robust recycling infrastructure for certain plastic packaging categories within some of our brands’ markets.

For this reason, we have set an additional reduction target on virgin own-brand plastic product packaging, as this is something we have direct control over and that has a direct impact on reducing our footprint.

4) Decoupling from finite (fossil) resources

Moving towards a circular economy for plastic packaging involves decoupling from finite (fossil) resources. This is achieved, first and foremost, by reducing the need for virgin plastics through elimination, reuse and use of recycled content. Then, over time, any remaining virgin inputs must be switched to renewable feedstocks that are proven to come from responsibly managed sources and to be environmentally beneficial.

Albert Heijn started collaborating with Avantium N.V., a technology company in sustainable chemistry, to make packaging more sustainable. To this end, Avantium’s 100% plant-based and circular material polyethylene furanoate (PEF) is being used for various forms of packaging. The first application will be Albert Heijn’s new fruit juice bottle made out of PEF, to be introduced in the brand’s stores once Avantium’s commercial plant for PEF is operational. Albert Heijn is the first supermarket chain in the world to introduce PEF packaging for its own-brand products.

In 2023, our brands reduced the use of virgin plastic in their own-brand primary product packaging by 10.3% compared to 2022.

How we measure performance

- Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging
- Percentage of recycled content used in primary own-brand product packaging
- Percentage of own-brand primary plastic product packaging that is reusable, recyclable or compostable

During 2023, we concluded that it is not always possible to obtain information about whether recycled content is post-consumer or post-industrial (pre-consumer) recycled content. As a result, we determined that it is not possible to report on post-consumer recycled content and, therefore, changed the target to report on recycled content and not post-consumer recycled content, as we had in the past. Recycled content that is now reported includes both post-consumer, post-industrial and recycled contents of unknown origin. As post-industrial recycled content is considered to be a small portion of total recycled content, the reduction target is still considered appropriate.

See [ESG statements](#) for our performance.

Our targets

As noted under our impact above, our main focus is on plastic packaging and on reducing own-brand primary virgin plastic packaging, as this has the most direct impact on reducing our footprint.

We have set the following targets:

TIMELINE	TARGET
Short-term	By 2025, our brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to the 2021 baseline.
	25% of our total own-brand primary plastic packaging weight will be made from recycled content by 2025.
	100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025.



NATURE

SUSTAINABLE PRODUCTS

Definition

Provide an assortment of products that are produced with respect for the environment, including, but not limited to, the protection of biodiversity.

Boundary: Upstream value chain

General developments in 2023

Nature is declining at unprecedented rates. On average, we've seen an astonishing 60% decline in the size of populations of mammals, birds, fish, reptiles and amphibians in just over 40 years, according to WWF's Living Planet Report 2018.

This decline has enormous implications, not just for business but also for the health of the planet and society. Nature and biodiversity form the basis of human existence and have significant economic, social and cultural value. From an economic standpoint alone, we know that approximately half of the world's GDP is moderately or highly dependent on nature and its services.

Our impact

The global footprint of food value chains is significant, with food a major contributor to GHG emissions, water use, biodiversity loss and synthetic nitrogen and phosphorus use.

While these problems are complex, as a global food retailer, we want to contribute to providing input into how food production and sourcing will look now and in the future, and how food can be produced sustainably, with respect to the environment and protecting biodiversity.

We know that food systems have to change to reduce the negative impacts on nature and climate. With our own-brand products, we aim to make a real impact, directing what is offered and how and where it is produced. Central to this is progressing on:

- **More sustainable production systems:**

Unsustainable farming and production systems can have adverse impacts on soils, pollinators, local waterways, forests and biodiversity. As an industry, we need to increase the use of regenerative and sustainable agriculture, and get better at addressing key risks such as deforestation within key commodity supply chains. We also need to ensure that people in food value chains are treated with respect and paid fairly.

- **More sustainable consumption patterns:** A key part of this is helping customers increase their consumption of plant-based proteins, which, when produced sustainably, have fewer environmental impacts than animal-based proteins.

Our brands source products from around the world and sell them outside their growing seasons. Bringing products to the stores from outside of local growing regions requires more energy and resources. With our own-brand products, we aim to make a real impact, influencing what is offered to customers, how it is produced and where.

We take our role in this transition to sustainable food systems very seriously, and work with groups across our value chains, such as the CGF, to contribute to this change throughout the broader industry.

Our approach and progress

Dependence on the natural environment is also relevant for us at Ahold Delhaize. Our business, broader value chain and communities are all dependent on highly functioning natural ecosystems. Essentially all food products that we sell are derived from biological resources, and are dependent on the provision of services, such as productive soils, healthy waterways and effective pollination.

Our approach for sustainable products currently focuses on our supply chain (where most of our impact is), and, in particular, on suppliers of own-brand products (own-brand food sales accounted for 38% of total food sales) – as we have greater leverage with these suppliers. We group our approach to nature and biodiversity around three pillars: sustainable sourcing of critical commodities (including deforestation), sustainable farming practices and multi-stakeholder partnerships.

A broader plan on nature

In 2023, we started work on a new nature approach, and continued to build out our programs of work on sustainable and regenerative agriculture and the sustainable sourcing of critical commodities.

This included conducting a high-level impact and dependency assessment using ENCORE's natural capital model and reviewing our current approach.

In the coming months, we will continue on the journey by:

- Conducting a detailed impact, dependency and risk assessment and identifying priority value chains and regions for additional exploration.
- Reviewing existing targets and considering the feasibility of setting new or additional nature targets.
- Implementing actions within our brands and adjusting plans based on learnings and insights.
- Enhancing our disclosure of nature-related impacts, dependencies, risks and opportunities.

When we have more clarity on the way forward, we will include it in future reporting, also considering the requirements under the CSRD.

Sustainable sourcing of critical commodities

Across our brands, we focus our efforts on seven commodities in own-brand supply chains with elevated social and environmental risks: tea, coffee, cocoa, palm oil, soy, wood fiber and seafood.

While the risks differ between the commodities and their sourcing locations, these commodities are considered to be high risk for potential impacts such as deforestation, land conversion, overfishing and human rights violations.

We utilize certification to mitigate risks connected to these commodities, and are aiming to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber and seafood certified against Ahold Delhaize-approved standards by 2025. See our [website](#) for more information.

In addition, our brands are also partnering with NGOs and universities on nature-related topics. For example, Alfa Beta in Greece continues to work with WWF and local fishermen to improve local fisheries.



NATURE

SUSTAINABLE PRODUCTS CONTINUED

Our brands conduct an annual risk assessment to identify social and environmental risks linked to our sourcing practices. This assessment considers environmental impacts such as land conversion, pesticide use and water use, as well as a range of social impacts. Our brands use its outputs to inform their ongoing work on these topics in their supply chains.

Deforestation

Around the world, forests continue to disappear, often to be used for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial in capturing carbon and helping mitigate climate change.

By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the [Accountability Framework Initiative](#) or the [Forest Resources Assessment](#). The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.

In 2023, we started to prepare for the EU's new Deforestation Regulation (EUDR), including by mapping supply chains and engaging with key suppliers. This work will continue into 2024. See our website for more information.

Sustainable farming practices

We know that unsustainable farming and production systems can have adverse impacts on soil, pollinators, local waterways and biodiversity.

Shifting to more sustainable agricultural models is key to a food system transition that offers opportunities to drive positive impact on climate (both resilience and decarbonization), soil health, biodiversity, animal welfare and water consumption.

Our brands have several initiatives in place that aim to drive improved farming practices, including:

- Delhaize Serbia has been working with the Faculty of Agriculture at the University of Belgrade to reduce the use and quantity of pesticides in fruits and vegetables since 2022. The first pesticide-free products to be produced under this partnership were special varieties of melons and watermelons in 2022. In 2023, the brand re-certified seven items (special varieties of watermelons and melons) and certified nine new items (apples, raspberries, packed salads, cherries and pumpkins).
- Albert Heijn cooperates with more than 1,200 farmers and growers through its Better For Nature and Farmers program, and makes agreements about sustainability, innovation and the earning capacity within our food chain.
- Since 2020, The GIANT Company has partnered with the Rodale Institute, a global leader in regenerative organic agriculture, to create a more sustainable food chain from farm to table, through education, research and training. Over the last three years, The GIANT Company, in partnership with its customers, has raised more than \$3 million during its Healing the Planet campaign to support the Rodale Institute's regenerative organic agriculture initiatives, including climate science research to strengthen food system sustainability practices and climate resilient communities.

Our brands are working to further integrate sustainable agriculture expectations into sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices that include conserving natural resources, reducing land conversion and improving soil health.

Multi-stakeholder partnerships

We know that transitioning to a more sustainable food system will require coordinated action from a variety of actors across governments and NGOs and within food and beverage value chains. For this reason, we are involved in several multi-stakeholder forums centered around critical social and environmental challenges and solutions. Topics covered by forums we currently participate in include deforestation, Illegal Unreported and Unregulated (IUU) fishing, regenerative agriculture and sustainable seafood.

In addition, several of our brands have partnerships with NGOs – for example, Albert Heijn's partnership with World Wide Fund for Nature (WWF) Netherlands to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030.

How we measure performance

- Percentage sustainable sourcing for seven commodities in our own-brand products.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.



For performance on these metrics, see **Critical commodity reporting** on our website.

Our ambitions

As noted above, we are working on a new nature approach, the outcome of which might result in additional targets being set.

TIMELINE	AMBITION
Short-term	By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the Accountability Framework Initiative or the Forest Resources Assessment . The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.



NATURE

ANIMAL WELFARE

Definition

Ensuring that suppliers are following stringent standards on animal welfare by implementing ethical practices for treating animals across their operations.

Boundary: Upstream value chain

General developments in 2023

While there are differing opinions and legislation around animal welfare globally, a Eurobarometer survey published in October 2023 by the European Commission found that protecting the welfare of animals is essential to Europeans. According to this survey, a large majority of Europeans (84%) believe that the welfare of farmed animals should be better protected in their country than it is now. Over 90% of Europeans consider that farming and breeding practices should meet basic ethical requirements. These include offering animals enough space, sufficient food and water, environments adapted to their needs (mud, straw, etc.), as well as ensuring proper handling.

Despite the fact that the survey's interviews were carried out in March 2023, when food prices were already very high due to inflation, 60% of respondents indicated that they would be willing to pay more for products sourced from animal-welfare-friendly farming systems. Around a quarter (26%) would be ready to pay up to 5% more for animal-welfare-friendly food.

Our impact

Animal-derived proteins are still an important part of the human diet – predominantly beef, dairy, pork, chicken and eggs – but the economics of their production often has an inversely proportional relationship with the welfare of the animals. Higher animal welfare standards require investments in physical space, working hours and specialized equipment, which might not always be available in certain markets.

At the same time, farm animal welfare is connected to food safety, due to the close links between space provided to animals and their health. Higher stocking densities require a higher usage of antimicrobials to keep the animals healthy, which may lead to antibiotic-resistant pathogens for humans.

Ahold Delhaize and its brands are committed to promoting animal welfare and safe food, while, at the same time, preserving access to affordable, fresh products – which can be a balancing act.

Our approach and progress

At Ahold Delhaize, we believe supporting animal welfare is the right thing to do. Although market dynamics can vary in the different countries where our brands operate, research shows that the majority of our brands' customers agree and think that animal welfare should be well protected.

We embrace the globally recognized five freedoms of animal welfare:

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express normal behavior
5. Freedom from fear or distress

The Ahold Delhaize approach to animal welfare currently focuses around stronger animal welfare standards for own-brand whole- or single-ingredient products derived from farm animals globally.

Our global commitments around animal welfare include the following:

Animal testing: Ahold Delhaize does not support the testing of own-brand food, pharmaceutical or cosmetic products and their ingredients on animals.

Growth promoters: The use of beta antagonists for growth-promoting purposes in farm animals is illegal in the European Union. Despite the use being legal in the U.S., the U.S. brands promote meat from livestock that are not fed with beta

antagonists, aiming to reduce the use of growth promoters, and supporting the producers that are voluntarily phasing them out.

Live animal transport and slaughtering: We are committed to limiting live long-distance transport of farm animals across all species. Furthermore, it is our aim that animal-based products come from farm animals that have been rendered unconscious and insensible to pain before harvest through effective stunning in a single attempt.

Antimicrobials: Ahold Delhaize supports the reduced use of antimicrobials medically critical to humans on farm animals. Ahold Delhaize does not support the prophylactic use of antimicrobials in animal farming.

Routine mutilation: We strive to minimize all forms of routine mutilations that are harmful for animal welfare by collaborating with the industry.

Close confinement: We strive to minimize all forms of close confinement that are harmful for animal welfare. Since January 1, 2013, all EU member states have prohibited breeding sows in individual stalls, with the exception of the first four weeks of pregnancy and the week before giving birth. Our U.S. brands aim to eliminate the use of gestation stalls by 2025 or sooner. Certain U.S. states, such as Maine and Rhode Island, have already implemented legislation banning the use of gestation stalls.

Our local brands translate these global commitments into day-to-day decision making, taking into account local market conditions and local legislation. More information on specific brand approaches is available on the brand websites (see www.aholddelhaize.com for links).

In addition, this year, we updated our *Standards of Engagement* to incorporate our vision on animal welfare; besides complying with applicable legislation, we expect suppliers to commit to sound, science-based animal care practices and the elimination of animal cruelty, abuse and neglect. In addition, Ahold

Delhaize expects suppliers to incorporate the five freedoms of animal welfare (see earlier paragraph).

While we are making progress on cage-free eggs and gestation crate-free pork, we do not expect to achieve our ambition of 100% cage-free eggs in 2025. The rate of supplier transition in some regions is slower than expected, and we want our brands to continue to be able to offer customers healthy and affordable protein options. Our plan and targets will be updated in 2024.

Ahold Delhaize also makes use of valuable horizontal and vertical collaborations to further improve animal welfare. Our great local brands collaborate with their suppliers to improve animal welfare through contracts and certification and by providing support. Ahold Delhaize also participates in multi-stakeholder initiatives like GRBS, SAI Beef (ERBS), the Sustainable Dairy Partnership and GlobalG.A.P. (for pork and chicken). Key areas of action are antimicrobial use and mortality rates.

How we measure performance

Currently, we have identified the following performance metric on animal welfare. In future years, our performance metrics may be expanded, also considering the impact of vertical collaborations in our value chain.

- Percentage of cage-free laying hens for both own- and national-brand shell eggs.

Our ambitions

TIMELINE	AMBITION
	Albert Heijn and Delhaize Belgium have already achieved 100% cage-free own-brand and national-brand eggs, shell eggs and eggs-as-ingredient.
2025	All other European Ahold Delhaize brands and all U.S. brands have committed to being 100% cage-free for own-brand and national-brand shell eggs by 2025.