

Ahold Delhaize

Sector	Revenue	Emissions	Pledge	Transparency	Integrity
Food industry	€ 87.0 bn	66.5 MtCO ₂ e (2022/2021)	Net zero by 2050	Moderate	Low
1. Tracking & disclosure of emissions				Transparency & Integrity	
66.5 MtCO ₂ e in 2022		● Subsidiaries are covered.			
Major emissions sources		The majority of Ahold Delhaize's emission footprint is attributed to S3, specifically linked to the procurement of goods and services.			
Disclosure		CDP discloses Ahold Delhaize's emissions for 2021. The annual report reveals S1 and S2 emissions for 2022, but there is no 2022 update regarding S3 emissions yet. The climate plan adopts a market-based approach for S2 that is significantly lower than the location-based approach (as mentioned in the annual report).			
2. Setting emission reduction targets				Transparency	Integrity
Headline target or pledge		Net zero across entire value chain by 2050		High	Low
Short- & medium-term targets (up to 2030)		- S1 and S2: -29% by 2025 (2018 baseline) - S1 and S2: -50% by 2030 (2018 baseline) - S3: -37% by 2030 (2020 baseline)			
Scope coverage		① ② ③ Targets translate to ~24% emission reduction by 2030 (2019 baseline). The S1 and S2 targets are aligned with benchmarks. The S3 target is not. The S3 reduction target for 2030 covers 67% of purchased goods and services.			
Own emission reductions (compared to full value chain in 2019)		24% by 2030		Moderate	Moderate
Long-term vision (beyond 2030)		- S1 and S2: -90% by 2040 (2018 baseline) - 10% removals - S3 -83% by 2050 (2020 baseline) - 17% removals			
Scope coverage		① ② ③ Net-zero targets presented with emission reduction targets, translating to ~82% reduction by 2050 (2019 baseline). Close to benchmarks.			
Own emission reductions (compared to full value chain in 2019)		82% by 2050			
3. Reducing own emissions				Transparency	Integrity
Emissions reduction measures		Key priorities identified, reduction measures are mentioned, the company doesn't provide the share of emissions addressed by the measures.		Moderate	?
Renewable electricity procurement		Ahold Delhaize's documentation offers little information regarding their transitioning to renewable energy (RE accounts for 24% in 2022).		Low	Low
4. Climate contributions & offsetting				Transparency	Integrity
Responsibility for unabated emissions		Both climate contributions and offsetting claims identified		Poor Low	Low
Climate contributions		- No financial contributions identified.		N/A	Low
Offsetting claims today		- For some products (cacao, bananas) remaining emissions are offset by investing in certified climate projects.		Low	?
Offsetting plans for the future		About 18% (2019 baseline) emissions to be offset by 2050. No information on project types.		Moderate	Low

RATINGS **Transparency** refers to the disclosure of information. **Integrity** refers to the quality and credibility of the approach.
Overall Average of sections 1-4 ■ High ■ Reasonable ■ Moderate ■ Low ■ Very Low;
Sections 1-4 Average of criteria in each section ■ ■ ■ ■ ■; **Rating criteria** See methodology for rating criteria ■ ■ ■ ■.

Source: SEO Amsterdam Economics' interpretation of identified public documentation from annual report 2022, climate plan

Ahold Delhaize

Koninklijke Ahold Delhaize N.V. (hereafter: Ahold Delhaize) is the holding company of various supermarkets, chemists and e-commerce retailers. The company's major emissions come from purchased goods and services, which account for 88% of its scope 3 emissions. Ahold Delhaize has set a net-zero target for 2050, encompassing all its global activities. In addition to this commitment, the company has established emission reduction targets that aim to reduce its estimated 2019 emissions by approximately 82%. Ahold Delhaize also aims for an emission reduction of roughly 24% across its value chain by 2030, compared to estimated 2019 levels.

Ahold Delhaize has set net-zero targets for 2040 (S1 and S2, baseline 2018) and for 2050 (S3, baseline 2020).

Ahold Delhaize clarifies that the majority of emissions will be reduced (S1 and S2: 90% and S3: 83%) to achieve these targets. For the remaining percentages, Ahold Delhaize stresses the importance of utilizing carbon removal techniques such as offsetting or neutralization. The reduction targets translate to reducing the company's 2019 emissions footprint by roughly 82% by 2050.¹ Ahold Delhaize sees the need to use carbon removals for the remaining 18% of emissions but does not provide any details on the projects or carbon removal measures it intends to implement (Ahold Delhaize, 2023). Without information on the planned offsetting strategy, it is not possible to determine whether the approach to offset these emissions is credible.

The company has set a 50% target (S1 and S2, baseline 2018) and a 37% target (S3, baseline 2020) for 2030. The combined targets translate to reducing Ahold Delhaize's 2019 emissions by roughly 24 percent by 2030.

Ahold Delhaize's Climate Plan provides a comprehensive overview of the company's medium-term targets and aspirations (Ahold Delhaize, 2022, p. 4). The combined targets translate to reducing Ahold Delhaize's 2019 emissions by roughly 24 percent by 2030.

The majority (95 percent) of Ahold Delhaize's total GHG emissions (66 Mt) are S3.

According to Ahold Delhaize's most recent annual report, the company's S1 emissions for 2022 amount to 1.8 million tons, while S2 emissions (location based) for the same year are 1.7 million tons. The report also indicates that the remaining 62.9 Mt of emissions are attributed to S3 for the year 2021 (Ahold Delhaize, 2023). A lack of up-to-date information regarding Ahold Delhaize's S3 emissions makes it difficult to evaluate the alignment of its activities with global endeavours to limit global warming to 1.5°C. This challenge is further compounded by the notable increase in the company's net sales in 2022, which hinders the possibility of accurate extrapolation. Ahold Delhaize explains that S3 emissions are reported with a one-year delay due to data collection from third parties, which may not be immediately available at the end of the reporting year.

Ahold Delhaize's documentation offers little information regarding its transitioning to renewable energy.

According to Ahold Delhaize's annual report, the company is working on increasing its onsite generation capacity and the use of power purchase agreements (PPAs) and renewable energy credits (RECs). The report also highlights a significant growth in the proportion of renewable energy from (+/-) 9% in 2019 to 24% in 2024. However, the report lacks substantial information regarding the company's transition to renewable energy, mainly providing examples rather than comprehensive details such as volumes, locations, disclosure of agreements, sources of renewable power, power generation capacity, project names, estimated start-up times, and contract durations.

¹ This reduction percentage is calculated under the assumption that Ahold Delhaize will address its full S3 emissions, including 100% of the emissions associated with the category of 'purchased goods and services'.

Ahold Delhaize

Poor

Integrity assessment for short- and medium-term target(s) towards 2030

What do the short- and medium-term targets actually mean?

What are the targets for the short to medium term?

S1 and S2 emissions:

- 29% by 2025 compared to a 2018 baseline.
- 50% by 2030 compared to a 2018 baseline.

S3 emissions:

- 37% by 2030 compared to a 2020 baseline.

Other S3 targets (supply chain engagement):

- Suppliers that represent 70% of Ahold Delhaize's footprint will be asked to commit to SBTi by 2025.
- All Ahold Delhaize's suppliers will be asked to report on S3 by 2025.
- All Ahold Delhaize's brands in Europe will commit to baseline current protein ratio and set protein ratio targets by the end of 2024.

How do these targets equate to emission reductions across the value chain (compared to a 2019 baseline)?

Targets translate to ~24% emission reduction by 2030 (2019 baseline).

This finding is based on the following two assumptions:

- In its climate plan (November 2022) and in its annual report for 2022 (2023), Ahold Delhaize states: "Our 2030 scope 3 carbon emissions reduction target is a combination of two reduction targets for both land-related and non-land-related emissions. Both are aligned with a 1.5°C trajectory and cover 67% of purchased goods and services emissions and 100% of other scope 3 category emissions." This means that a weighted 71 percent ($67\% * 88\% + 100\% * 12\%$) of S3 is impacted by the S3 target, which is also the portion reported to CDP for the fiscal year 2021.
- We were unable to locate any data regarding Ahold Delhaize's S3 emissions for the year 2019. Therefore we adopted the figures utilized by NCI in the previous edition of this analysis. According to its estimation, Ahold Delhaize's total emissions (including S1, S2 and S3) amounted to 65.1 million metric tons in 2019. As a comparison, Ahold Delhaize projected its total emissions to be approximately 66 million metric tons in 2022 (page 107 of the annual report for 2022).

Do these targets cover both the short term (within 5 years) and medium term (up to 2030)?

Ahold Delhaize sets one target covering S1 and S2 within a five-year timeframe that uses the same metric as its longer-term targets.

Do these emission reduction commitments align with a 1.5°C trajectory for the sector according to available literature?

We find that Ahold Delhaize's 2030 targets do not align with global cross-sectoral and sector-specific 1.5°C Paris Agreement-aligned decarbonisation milestones.

In short:

- Ahold Delhaize's short-term targets translate to ~24% emission reduction by 2030 (2019 baseline);
- Ahold Delhaize's S3 emissions account for 95% of its emission footprint. In the absence of available benchmarks from the scientific literature for mixed-good retailers, we compare Ahold Delhaize's target to available 1.5°C-aligned benchmarks for agriculture (Teske, 2022, p. 328), and its reduction across all scopes to cross-sector global benchmarks (IPCC, 2022).
- Teske (2022, p. 328) identifies 1.5°C-aligned absolute emission reduction milestones for various emission sources of agricultural activities, which represent the majority of upstream S3 emissions for Ahold Delhaize. Emissions from fuel use on farms and heat used for food processing and packaging need to reduce by 48%, emissions from purchased electricity on a farm level or used for food processing and packaging need to reduce by 67%, and emissions AFOLU, non-CO2 GHGs need to reduce by 34% by 2030. In sum, these required reductions mean a reduction of 38% across all scopes below 2019 levels. Ahold Delhaize's emission reduction target for S3 emissions does not align with the latter (24% < 38%). Furthermore, the company should also reduce S3 emission sources that are not covered by these benchmarks, such as upstream transportation and distribution and upstream emissions from non-food products.
- Global cross-sectoral benchmarks require GHG and CO2 emissions to reduce by 43% and 48% between 2019 and 2030, respectively (IPCC, 2022). In the same period, global methane emissions must decrease by 34%. Ahold Delhaize's targeted emission reduction of 24% across all scopes by 2030 does not come close to meeting these global benchmarks.

Moderate Integrity assessment for long-term target(s) (post-2030)

What do the long-term targets actually mean?

What are the targets for the long term beyond 2030?

S1 and S2 emissions:

- Net zero by 2040, which corresponds to a 90% reduction compared to a 2018 baseline.

S3 emissions:

- Net zero by 2050, which corresponds to an 83% reduction compared to a 2020 baseline.

How do these targets equate to emission reductions across the value chain (compared to a 2019 baseline)?

Targets translate to ~82% emission reduction by 2050 (2019 baseline). This reduction percentage is calculated under the assumption that Ahold Delhaize will address its full S3 emissions, including 100% of the emissions associated with the category of 'purchased goods and services'.

Do these emission reduction commitments align with a 1.5°C trajectory for the sector according to available literature?

We find that Ahold Delhaize's 2050 targets almost align with global cross-sectoral and sector-specific 1.5°C Paris Agreement-aligned decarbonisation milestones.

In short:

- Ahold Delhaize's long-term targets translate to ~82% emission reduction by 2050 (2019 baseline).
- Ahold Delhaize's S3 emissions account for 95% of its emission footprint. In the absence of available benchmarks from the scientific literature for mixed-good retailers, we compare Ahold Delhaize's target to available 1.5°C-aligned benchmarks for agriculture (Teske, 2022, p. 328), and its reduction across all scopes to cross-sector global benchmarks (IPCC, 2022).

- Teske (2022, p. 328) identifies 1.5°C-aligned absolute emission reduction milestones for various emission sources of agricultural activities, which represent upstream S3 emissions for Ahold Delhaize. Emissions from fuel use on farms, heat used for food processing and packaging, and purchased electricity on a farm level or used for food processing and packaging need to reduce by 100% by 2050, whereas AFOLU emissions and non-CO2 emissions need to reduce by 42% by 2050 below 2019 levels. In sum, these required reductions mean a reduction of 51% across all scopes below 2019 levels. Ahold Delhaize's emission reduction target for S3 emissions aligns with the latter.
 - Global cross-sectoral benchmarks require GHG emissions to reduce by 84% between 2019 and 2050 (IPCC, 2022). Ahold Delhaize's targeted emission reduction of 82% across all scopes by 2050 comes close to meeting these global benchmarks.
 - We evaluate Ahold Delhaize's 2040 and 2050 targets as having 'moderate' integrity rather than 'high' because of the use of a net-zero target rather than a long-term emissions reduction target, as well as the fact that not every scope target is fully aligned with available benchmarks.
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