

TAKING THE BULL BY THE HORNS



Ahold Delhaize and Methane Emissions 2025

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This brief prepared by Mighty Earth is published separately as a commentary on Profundo's "Ahold Delhaize's Methane Footprint: The hidden climate cost of animal products" 2025 Report.

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Ahold Delhaize and Methane Emissions

With rising temperatures and the everevident impact of global heating, businesses across all sectors must take action to reduce emissions.

While carbon dioxide has become synonymous with climate change, methane - a climate superheater over 80 times more potent than carbon dioxide in the short term - has yet to be sufficiently prioritized by businesses and policy makers alike. The urgent drive-down of methane emissions is critical to slowing global heating and mitigating the worst impacts of climate change on the planet and its rich UN biodiversity. The Environment Programme estimates methane emissions must be reduced by 40-45% by 2030 to remain within a 1.5 C warming limit.

The food and agriculture sector is the biggest driver of anthropogenic methane Livestock emissions. accounts for approximately 60% of agricultural emissions and is the biggest single source of human-caused methane emissions, mainly from cows used for beef and dairy. Cows and other ruminant animals produce digestion through a methane during process called enteric fermentation, where microbes in their stomachs break down food, releasing methane mostly through burps.

Additionally, manure management—storing animal waste in large pits or lagoons—creates methane when bacteria break it down in oxygen-poor conditions. Livestock agriculture accounts for approximately 32% of human-caused methane emissions, but only provide 18% of calories consumed.

Large, often multi-lateral supermarkets, who sell meat and dairy products at scale, play a unique role positioned between producers and consumers in the global food system and a huge part in shaping consumer trends. Retailers have a responsibility to act by cutting methane from their supply chains and shifting to more sustainable alternatives.

Commissioned by Mighty Earth, a new study by Profundo reveals that Dutch-based Ahold Delhaize, one of the world's biggest supermarket companies <u>based on global revenue</u>, produces excessive quantities of methane from its meat and dairy products, equal to 11.7 million tons of CO₂e each year or more than the entire countries of <u>Denmark or Sweden</u>. This accounts for 44% of Ahold Delhaize's 2023 scope 3 emissions within the forest, land, and agriculture (FLAG) category. The study shows that despite Ahold Delhaize's Dutch location, the groups U.S. subsidiaries are generating the largest quantity of its methane emissions.



Forty-nine percent of Ahold Delhaize's methane emissions can be attributed to its U.S. operations, while the company's Dutch operations produce 24% of its meat and dairy methane emissions. When taking all European operation together, emissions are almost evenly split between Ahold Delhaize's stores in Europe (51%) and the U.S. (49%).

Whilst Ahold Delhaize committed to reach Net Zero by 2050, it has not taken action to cut methane, one of the most potent

greenhouse gases. This report demonstrates that if Ahold Delhaize is serious about meeting that commitment and tackling climate change, reducing methane must be central to its plan and the company must urgently address their largest driver of methane emissions: meat and dairy products. By disclosing methane emissions, implementing clear reduction plans, and enhancing its U.S. climate initiatives, Ahold Delhaize has the potential to lead globally in combating methane pollution.

Methane and Climate Change

Why Methane Matters

Methane is <u>80 times more potent</u> than carbon dioxide over a 20-year period – meaning the gas produces an increased warming effect. Methane is responsible for an <u>estimated 0.5°C</u> of global warming and accounts for 25% of observed temperature increases. Livestock is the <u>largest single-source</u> of man-made methane emissions.

<u>Climate scientists</u> state that reducing methane emissions is the most cost-effective way to meet the goals of the Paris Climate Agreement. The <u>UNEP estimates</u> that a reduction of 40-45% of current methane emissions is required to avoid the worst impacts of global heating.

Methane reductions offer a unique opportunity to reduce GHG emissions in the short-term and give the climate, and its inhabitants, a fighting chance at staying within the 1.5C temperature increase, committed to in the <u>Paris Agreement</u>.

Livestock-related methane emissions Ahold Delhaize's supply chains are a significant proportion of overall emissions. The report estimates almost 44% of the group's total emissions come from its meat and dairy methane. The scale of the methane issue hiding in supermarket supply chains it retailers' makes iob to create comprehensive and transparent strategies for not only reducing their scope 3 emissions but making sure their suppliers do the same.



Methane in Retailer's Scope 3 Emissions

Despite its potency, methane remains a blind spot in corporate emissions reporting. Mighty Earth and Changing Markets investigated the methane reduction plans of the world's largest retailers and found that none of them currently have set specific methane reduction targets or currently report their methane emissions separately.

Furthermore, many retailers fail to effectively reduce methane in their operations, either by addressing food waste and reducing methane emissions from landfill, or from increasing own-brand plant-based offerings, by ensuring price parity between plant-based and animal products, and balanced marketing to grow their plant-based sales. The report recommends that companies:

1) Urgently develop climate plans to reduce methane from meat and dairy sources; 2) Adopt increased public transparency in climate reporting and disclose methane emissions; 3) Set an ambitious target for absolute methane reductions; and 4) Increase company ambition for plant-based sales with a 60/40 protein split (plant-based versus meat protein).

Global Methane Pledge

Almost 160 countries have signed the Global Methane Pledge, committing to a 30% reduction in methane emissions by 2030 from 2020 levels. This commitment is a signal to the private sector that methane reductions should be a global priority. As one of the world's largest food retailers, given its role in the global food system, Ahold Delhaize must step up to align with this global effort.

Ahold Delhaize's Responsibility

Why Ahold Delhaize?

Ahold Delhaize is the fourth highest grossing global food retailer, headquartered in the Netherlands. It operates <u>major supermarket</u> <u>brands in Europe and the U.S.</u>, including Albert Heijn, Delhaize, Giant, Food Lion and Stop & Shop. The Profundo report estimates that Ahold Delhaize's methane emissions

come almost equally from its U.S. and European stores, meaning it must cut emissions in both regions to meet its climate goals. By reporting methane emissions, setting clear reduction plans, and strengthening its U.S. climate efforts, Ahold Delhaize could become a global leader in tackling methane pollution.



Net Zero Ambitions

Ahold Delhaize has committed to becoming Net Zero by 2050 and has a scope 3, or indirect emissions, reduction target of 37% by 2030. However, in their 2024 report, Ahold Delhaize reports that its scope 3 Forest, Land and Agriculture (FLAG) emissions have actually increased by nearly 10%. Ahold Delhaize reports its greenhouse gas (GHG) emissions following the Greenhouse Gas Protocol, covering scope 1, 2, and 3 emissions. The company discloses emissions in annual reports its December 2023 Climate Plan details reduction goals and strategies. However, Ahold Delhaize does not disclose its methane emissions separately nor does it have a strategy dedicated to reducing them.

Ahold Delhaize's HQ commitment, which are for its global group operations, do not appear to be replicated by its U.S. subsidiaries. Only one of Ahold Delhaize's U.S. subsidiaries references the company's Net Zero 2050 target. For Ahold Delhaize to meet this collective target, it will require all its brands to adopt significantly increased efforts and much more urgency if the company is to meet this target and avoid allegations of greenwash. An ambitious and dedicated methane reduction strategy would be a necessary step to ensure that Ahold Delhaize can deliver on the commitments it made to its investors and clients.

US Brands Risk Climate Goals

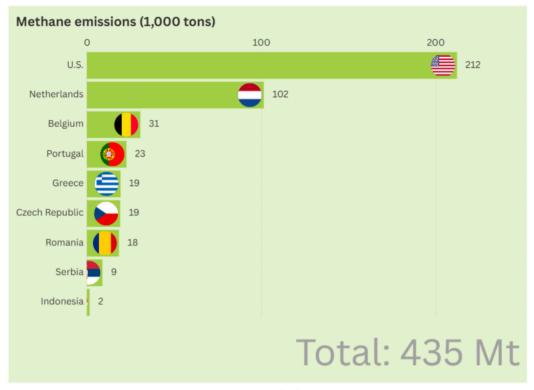
Despite being responsible for almost half of Ahold Delhaize's estimated methane emissions, there are no methane reduction targets for the Ahold Delhaize group, and its brands have yet to get up to speed on the Net Zero 2050 pledge. None of the US brands have set increased plant-based alternative sales targets, while the EU brands have committed to 50% or more plant-based food sales by 2030.

The US market can be more difficult than the European one, as plant-based sales face challenges due to inflation and pricing. Despite any ebbs and flows of the plantbased market, US retailers cannot sit back and halt their climate progress. If Ahold Delhaize is serious about mitigating their contributions to climate change, there are many levers within the retailer's control to encourage consumers and increase plantbased sales and in turn reduce emissions. These levers include introducing price parity for plant-based options to meat equivalents, offering a wider and more attractive variety of own-brand plant-based products, and increasing advertising for plant-based options while eliminating advertising and discount deals for meat and dairy.

To demonstrate its commitment and progress against its 2050 Net Zero target, Ahold Delhaize will need to take much more drastic measures to achieve massive reductions across all of its brands.



Ahold Delhaize CH4 Emissions Per Country (estimates)



Source: Profundo.

Given that the company's U.S. brands appear to be so far behind Ahold Delhaize's European operations, the company must focus its efforts on this collective push. Waiting for its U.S. brands to play catch up will make it harder for the group to succeed.

To reach Net Zero by 2050, Ahold Delhaize must make an urgent and concerted effort to reduce methane emissions in its US market – beyond food waste programs.

Legal and Financial Risk

Legal Pressure on Polluters

In the Netherlands, Ahold Delhaize's climate policies have been heavily scrutinized. Milieudefensie (Friends of the Earth Netherlands) has named Ahold Delhaize as one of the country's 30 biggest climate polluters. The risk of legal action against

Ahold Delhaize is growing, mirroring cases like Royal Dutch Shell, where courts ruled that major corporations must align their emissions reductions with the Paris Agreement. As a major company in the Netherlands with outsized emissions, Ahold Delhaize could face similar legal challenges if it fails to address methane.



Investor Concerns

Sustainability is a key concern for investors and consumers. In one <u>report</u>, investors ranked climate action as their top sustainable investing issue. Failing to address methane emissions could lead to reputational damage and financial risks. As a grocery company, Ahold Delhaize is vulnerable to the risks presented by the climate crisis from deforestation to drought to flooding and the subsequent impact on various commodity supply chains. As consumers increasingly shop for their own health, and that of the planet, a shift to plant-based and lower emissions is beneficial for business.

Many corporate climate goals are fastapproaching in the next two decades.

Company reputation is not the only risk companies face in missing the emission reduction deadlines. Incoming regulations, Deforestation includina EU Regulation (EUDR), will mandate that Ahold Delhaize and other corporations will be obligated to accelerate their transparency and adhere to stronaer sustainability standards reporting. Other pieces of EU legislation such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) are upcoming and will put even more pressure on large companies such as Ahold Delhaize to act on climate change and transparently. With regulatory report impendina deadlines pressures and mounting, Ahold Delhaize must take decisive action now.

Conclusion

Ahold Delhaize has the resources and responsibility to tackle the methane emissions problem hiding in its meat and dairy aisles. As a multi-billion-dollar company, it is more than capable of measuring, reporting, and reducing methane emissions at scale. Ahold has shown leadership in the food retailer world, making real strides towards admirable climate goals. The company should not stand down in the face of methane but should rise up and meet the challenge of meaningful emissions reduction and a more plant-based approach across its global operations and supply

chain. Addressing methane is not only a climate necessity but a business imperative. Ahold Delhaize has an opportunity to establish methane reductions targets, report on methane emissions, and extend plant-based sales goals to its US brands. By taking leadership on this issue, Ahold Delhaize can future proof its business, mitigate risks, and contribute meaningfully to global climate goals. It is time for Ahold to take the bull by the horns. Now is the time to act on methane.





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