Sustainability opportunities for a broad assortment of small (beef) products

Supplier driven progress or certification?

Leon Mol, October 11th 2018
Great local brands on both sides of the Atlantic

US

#1 or #2 in 24 DMAs representing c.80% of our US Sales

- Food Lion
- Stop & Shop
- Hannaford
- Peapod
- Giant Carlisle
- Giant Landover
- Martin’s Food Market
- Peapod

Europe

- #1 in the Netherlands
- #1 in Greece
- #1 in Serbia
- #1 in Bucharest
- #1 in Portugal
- #2 in Belgium
- #2 in Czech Republic

- Albert Heijn
- Etos
- Gall & Gall
- Bol.com
- Maxi
- Pingo Doce

Indonesia

#1 in supermarkets

- Super Indo

We are Ahold Delhaize
Ahold Delhaize

11 Countries

Great local brands

More than 6,500 stores

Leading in online businesses

Strong financial profile

Leading in sustainable retailing: Proud member of DJSI

Serving more than 50 million customers every week

370,000 associates

Shopping anytime anywhere

Top 10 international food retailer

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Materiality-analysis
From global ambitions to brand execution

From global ambitions…

…to strategic priorities…

…to brand execution
Enablers

• Brands can **differentiate** in their timing to achieve targets, but not in the targets themselves. Global priorities topped up with local topics.

• Do our **suppliers feel committed**, with the targets?

• **Transparency 1**: track products live (trackability) (internal) - this is an enabler. This is a factual approach. Origin at ingredient level is the first step.

• **Transparency 2**: communicate transparency with consumers or other stakeholders (external)

• Once the **supply chain is fully mapped** to country of origin and region, topics to focus on can be identified and prioritized.
  – Relate to due diligence (OECD guidelines)
  – Water risk map
  – Social issues
  – Land use
Differentiation
Relevance and efforts

- Where can we make a relevant difference for our stakeholders and our supply chains?
  - Can we make a topic big/important? (antibiotics)
  - Are we the right supply chain actor or stakeholder to make topic big? / Is it actionable? (Carbon?, smallholders?)
  - Can we get our supply chains to move? (deforestation)
  - Can we **show** the right **impact** in the supply chains? (antibiotics, pesticides)
Longer term sourcing models and practices are an enabler for:

- Better management and efficiency of our supply chains
- Transparency
- For improving trust at the consumer and stakeholder level
- Progress monitoring
- Securing our supply chains
- Embedding sustainability and human rights requirements
Switching from a product or issue specific approach to a more thematic approach requires a guideline to make choices.

We need to make use of a more holistic, complicated approach to achieve our targets. (e.g. antimicrobials in relation to housing, feed, etc.). So it is questionable, whether you can achieve a target by doing a simple check.

A retailer plays a very limited role in a circular system with many materials going into the system and many products/materials going out.

A linear sustainable agriculture approach enables us to work on the ‘linear’ product cycle, including for example waste and resource efficiency.
Collaborative action

- The most efficient way to achieve improvements is working together (working together with others, like standard setters, auditors, CGF, GRSB suppliers, etc.).
- Create leverage
- Avoid duplication
- Set priorities
- Generate data
- Synchronize contents on communication
- OECD guidelines on Due Diligence
GRSB: Impact on the ground

• Supply chains ready to tell their story
  – Share their successes
  – Share the opportunities for improvement / the complete picture

• Show progress
  – Progress to be aggregated for us. Stakeholders do not ask for water approach on beef, but for the global picture
  – Progress to the market

• Consistency

The easiest way for the end market is to abandon sourcing areas or to eliminate products from the assortment
Impact as a retailer

- Progress at local/country level
- Annual reporting
- Sustainability index

Supplier driven progress is key
Certification is great but supply chains deserve better!
Thank you