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| Company: | Delhaize Group |
| Sector: | Food Retail |
| Report Year: | 2010 |
| Headquarters: | Brussels |
| Standard Application: | GRI G3 C |
| Format: | Matrix |

Our material issues

Through our materiality process, we translate global trends into business strategy and ultimately action. When developing our current CR strategy, in 2008, our materiality process identified the following issues.

The priority issues, identified in the top right of the **matrix** are deemed by our stakeholders and us as the most material to our business. We have grouped some of the issues together, into categories like responsible sourcing, to make delivering action more effective.



Our materiality process

Our process is based on three phases:

- 1. Understand** stakeholders' concerns through requests and dialogues, peer reporting, and media reviews. Stakeholders include our associates, customers, NGOs, consumer groups, governments, suppliers, local communities, and our competitors.
- 2. Evaluate** the importance to business in terms of risks and opportunities through internal experts and leadership interviews, with a review of existing local projects and priorities.
- 3. Identify** high priority issues and where issues are best managed through the recommendations of internal experts.

Going forward

We are currently developing a new CR strategy based on stakeholder feedback, a refreshed materiality **matrix**, and a review of our past performance. This will be made public in 2011.



Delhaize Group has a strategic approach to CR. Moving forward, I would expect more focus by extricating some truly transformational sustainability goals to show greater connectivity between the strategic components.



The big picture

Our business model

We're a food retailer selling thousands of our own private brands and other companies' branded products. Private brand products represent more than 50% of our sales in Belgium and more than 26% in our U.S. operations. Food makes up 85% of Group sales, including both perishable and non-perishable products. We do this with 2800 stores, 76% of which are company-operated, the rest are affiliated.

Our value chain

The diagram below outlines our value chain. Sustainability is relevant to each element of this chain. The connections, processes, and impacts are extremely complex. We face a common challenge - maintaining our responsibility for the entire value chain, while only having direct control over some elements of it.



The world around us

Striving to be a successful, sustainable business requires a dedicated appreciation of the environment in which we operate. We are developing our new Group CR strategy through sustainability trends analysis, involving both internal and external stakeholders. In 2010 we have identified five critical trends that affect our business and value chain.

1. Climate change is affecting every stage of our value chain. As a global retailer, we produce almost three million tonnes of CO₂ equivalent emissions a year, and influence much more through our supply chain and customers. This leaves us with a clear responsibility to take serious action on climate change. We see it as an opportunity to drive our business forward.

2. Resource scarcity is increasingly impacting our business. With the depletion of natural resources such as water, fossil fuels, and natural ingredients, we need

to adapt our business and be proactive in preserving the remaining resources.

3. Food security is deeply connected to the previous two points. Dealing with this trend in a sustainable way is critical to our business. By taking action, we see opportunities to safeguard and strengthen our supply chain.

4. Health across all our markets is a vital element of our responsibility. We know that taking action on ailments and diseases like obesity, diabetes, and malnutrition will benefit our local communities, customers and associates.

5. Changing consumer expectations requires us to be better in every way; from increasing transparency, to developing more sustainable products, and ultimately going beyond traditional lines of responsibility.