

Carbon Trust Certification Ltd Assurance Statement

Relating to Ocado's Greenhouse Gas Emissions Claims 2019

Terms of Engagement

Carbon Trust Assurance Limited (CTA) was commissioned by Ocado to provide an independent, limited level of assurance on the following Selected Information:

- Scope 1 emissions (natural gas, refrigerants, vehicle fuels, dry ice); and
- Scope 2 emissions (purchased electricity)

The Selected Information is presented within Ocado Greenhouse gas emissions table for the 2019 Annual Report. We have not performed any work, and do not express any conclusion, over any other information that may be included in Ocado's annual report or on Ocado's website for the current year or for the previous periods unless otherwise indicated.

Scope

This engagement covers the verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary.

- Organisational boundary used: All global operations
- Control approach: Operational control
- Reporting period: 01 December 2018 – 30 November 2019

Our Conclusion

Based on the work we have undertaken and the evidence provided by Ocado, nothing has come to our attention that leads us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the criteria defined in ISO 14064-1.

The total verified footprint was 109,313 tCO₂e according to the location-based method and 87,316 tCO₂e according to the market-based method, with the following breakdown by scope:

- Scope 1: 86,502 tCO₂e
- Scope 2: 22,811 tCO₂e (location-based)
- Scope 2: 814 tCO₂e (market-based)

This conclusion shall be read in the context of the remainder of this Assurance Statement, in particular the inherent limitations explained below and this report's intended use.

Reporting Criteria

The Reporting Criteria used by Ocado is for the preparation of their Greenhouse Gas inventory report:

- ISO 14064-1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance.

Management Responsibility

The management of Ocado are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our Responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to Ocado in the form of an independent limited assurance conclusion based on the work undertaken and the evidence obtained.

Assurance Standards Applied

We performed our work in accordance with CTA's assurance methodology based on ISO 14064-3:2006.

Our Assurance Activities

Our objective was to assess whether the Selected Information is reported in accordance with the principles of completeness, comparability and accuracy. We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with Ocado management to obtain an understanding of the key processes, systems, controls and related documentation in place over the preparation of the Selected Information;
- carrying out 1 site visit to operations in Hatfield;
- performing analytical reviews and detailed sampling of the Selected Information; and

Inherent Limitations

The accuracy and completeness of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. As such, this Assurance Statement should be read in connection with the relevant standards stated under Reporting Criteria.

Carbon Trust Assurance Ltd's Competence and Independence

Carbon Trust Assurance Ltd ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach is rigorous and transparent.

A handwritten signature in black ink, appearing to read "Morgan Jones".

Morgan Jones, Associate Director – Assurance

Carbon Trust Assurance Ltd, London

Email: info@carbontrust.com

This assurance report is made solely to Ocado in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of Ocado showing that it has obtained an independent assurance report in connection with the Selected Information. We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any other party other than Ocado for our work, for this assurance report or for the conclusions we have reached.

2019 GHG Report

Basis of Preparation

Introduction

The presented document states Ocado's GHG emissions and methodology of preparing the underlying data, for the 52 week period ending 01 December 2019.

It is the responsibility of Ocado management to ensure that appropriate procedures are in place to prepare its GHG emissions reporting in line with, in all material respects, the principles, criteria and methodologies set out in the following sections of this document.

Adhering to mandatory carbon reporting under the UK Government Companies Act 2006 (Strategic and Directors' Report) Regulations 2013, our 2019 assessment has been carried out in accordance with selected aspects of the GHG protocol by the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI), 'The Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard'. We have reported our emissions using both location-based and market-based methods.

For the preparation of Ocado's stated carbon footprint, the following sources of information have been considered:

- 1) Government GHG Conversion Factors for Company Reporting, published by the Department for Business, Energy and Industrial Strategy (BEIS) 2019.
- 2) IPCC Fourth Assessment Report: Climate Change 2007.
- 3) IPCC Fifth Assessment Report: Climate Change 2013.
- 4) Guidelines and statistics as published by the International Energy Agency (2019).
- 5) Revised IPCC guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC) 2007

Ocado GHG Statement

Ocado's GHG emissions data for the 52 weeks ending 01 December 2019 is presented below. The results of our 2012/13 financial year is the baseline by which we track our progress.

GHG emissions (tonnes CO ₂ e)	2018/19	2017/18	2012/13
Scope 1 - Direct	86,502	87,614	39,530
Scope 2 – (Location-based)	22,811	25,115	21,613
Scope 2 - (Market-based)	814	8,872*	-
Total Emissions (Location-based)	109,313	112,729	61,413

Intensity measures:

Tonnes CO ₂ e / 100,000 orders (Location-based)	513.9	550.1	823.4
Tonnes CO ₂ e / 100,000 orders (Market-based)	410.5	470.8	-

A Indicates the **Carbon Trust** has carried out a limited assurance engagement. Their assurance report is available in the "Our Responsibilities" section of the company's corporate website

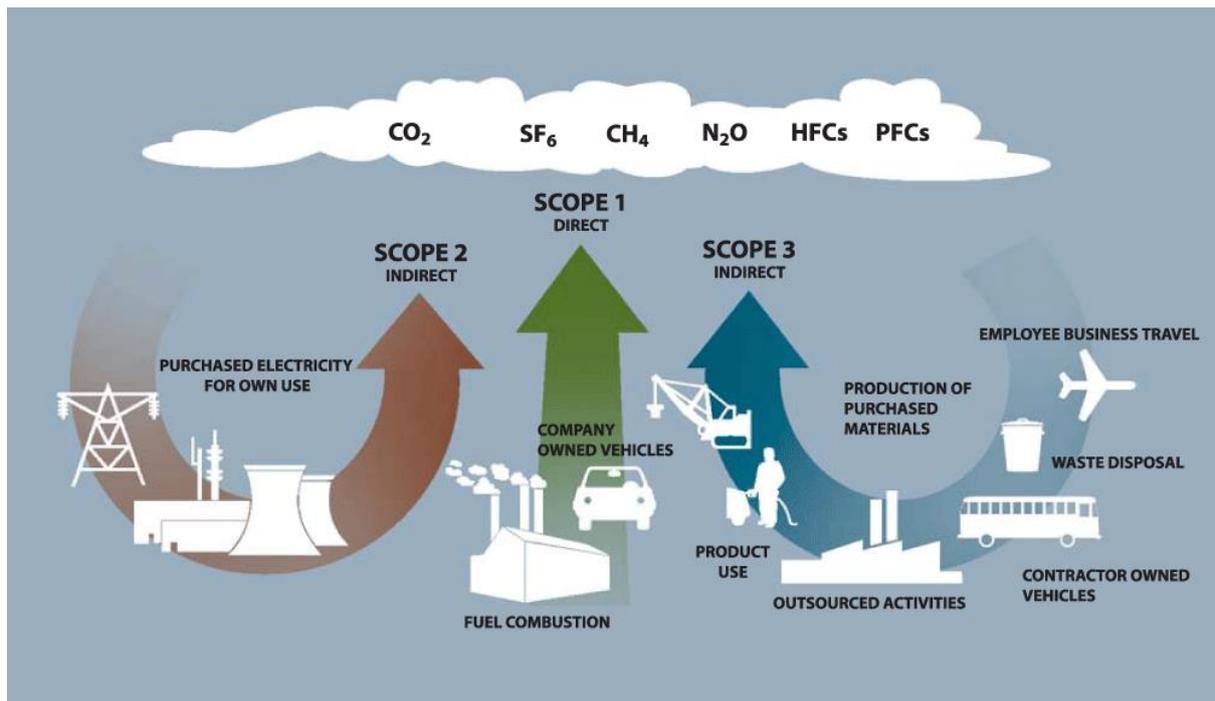
*Since the publication of 2017/18 results, some market based figures have been updated thanks to improved accounting which has resulted in a marginal change in figures. The previous figure was 8,856 tCO₂e.

Organisational Boundary for GHG Reporting

We have accounted for all Scope 1 and Scope 2 GHG emissions deriving from the activity of our premises and vehicle fleet; collectively defined as *operational control* in accordance with the 'Control Approach' methodology of the GHG Protocol Corporate Standard. Whilst a proportion of our facilities and fleet are under financial leases, we maintain full authority to include such assets within operational control, and therefore consider the Operational Control Approach to be the most appropriate.

Our emissions reporting covers Ocado's UK operations and overseas activity in Poland, Spain and Bulgaria. We have omitted emissions related to a third-party freezer warehouse, which provides Ocado with additional capacity external to our operational control. In 2019, we saw the creation of the Ocado Retail joint venture between Ocado Group and M&S (ORL). For the majority of the year ORL and Ocado Group were part of the same Group of companies, therefore we have accounted fully for ORL's carbon emissions over the entire year.

Scope of Ocado's GHG Reporting



Operational Boundaries of GHG Emissions (World Resources Institute).

Scope 1 - direct emissions derive from:

- Fuel consumption within our vehicle fleet
- Natural gas heating our facilities
- The use of refrigerant gases and dry ice in our operation

Scope 2 - indirect emissions derive from:

- Electricity consumption powering every site in the operation

Residing within the three scopes as defined by the WBCSD/WRI GHG Protocol, we report five key aspects of our business: electricity consumption, fuel consumption, natural gas combustion, refrigerant gas usage, and dry ice. We have accounted for and reported all Scope 1 and Scope 2 emissions.

Since reporting Scope 3 emissions is not mandatory under UK law, Ocado does not currently publish this Scope. However we are actively working towards including Scope 3 emissions in future GHG reports.

Methodology for calculating our GHG emissions

Where possible we collate relevant information from the most credible, reliable, and comprehensive sources of data, to accurately calculate our carbon footprint. As such, the following data quality hierarchy is observed with (I) being the most preferred source and descending preference thereafter.

- I. Direct measurement and reporting by independent third-parties (for example, supplier invoices)
- II. Direct measurement and internal reporting
- III. Calculated estimates** based upon periodic data
- IV. Calculated estimates based upon independent reporting methodologies (for example, protocols issued by Defra/DECC, IPCC)***

**Our published carbon footprint comprises of approximately 1.71% (location based) and 0.30% (market based) of estimated data. These estimates are based on available known data such as invoices from previous/subsequent periods or internal meter readings. For example electricity estimates were calculated using an average daily kWh, based on invoices, multiplied by the number of days in the desired period.

***Where invoice data was unavailable estimates were calculated using known floor plans with industry emission standards such as CIBSE 2012.

Market-based emissions have been calculated using supplier specific factors applicable to the relevant consumption period.

Once the required GHG data has been centrally collated by Ocado's Corporate Responsibility team, the information is processed against relevant conversion factors via our data management platform with Ecometrica.

External assurance

The **Carbon Trust** has undertaken an independent limited assurance engagement on selected data of our GHG emissions, marked by the  symbol above. This is their third year assuring our carbon data and their assurance report is available in the "Our Responsibilities" section of the company's corporate website.