
Ocado Retail
Sustainability
Report 2023
planet together

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Welcome to Ocado Retail's Sustainability Report



Hi, I'm Hannah, CEO of Ocado Retail and I'm pleased to be sharing our first sustainability update with you.

We are at the start of our sustainability journey and recognise that, in an ever-changing world, striving to achieve these commitments will be a constant focus.

Whether at an individual or organisation level, we all have a responsibility to ensure that together, we are stepping up and taking action in the fight for the future of our planet.

For Ocado, that includes working to become a net-zero business, reducing food waste and helping our customers make healthy and sustainable choices, plus so much more that this report looks at in detail.

Alongside our customers, suppliers and stakeholders, we're working together for a better planet and in this report, you will read about our progress so far, what #PlanetTogether means to us and our plans for the future as we strive to reach net zero by 2040.

About Ocado Retail

Ocado Retail is a joint venture between Marks & Spencer and Ocado Group. We are responsible for ocado.com and Ocado Zoom, our fast-growing, same-day grocery service. We operate a unique model that benefits both our customers and our suppliers, proving resilient to market conditions and enabling smarter logistics. Our scope includes Ocado Own Range, marketing, product merchandising, buying and trading, and providing customer support. We work closely with Ocado Logistics for service delivery to our customers.

998k
Active customer base

>400k
Orders per week

~50,000
Products



99%
Items delivered as promised

A few highlights from the report include:

- our carbon reduction commitments, approved by the Science-Based Targets Initiative, and net-zero plan to focus our reduction efforts. Critical industry collaborations like WRAP, Mondra and Manufacture 2030, to engage with suppliers and build a more resilient supply chain
- our partnership with Beano to create the iconic comic's first ever cookbook to help families make their food go further as well as supporting our key charity partners in providing food access that support local communities across the UK
- the world-first, multiple award winner, digital return scheme trial for maximising recycling of packaging materials.

I'm proud of our progress so far and recognise there's still a lot more to do. At the same time as we focus on delivering unbeatable choice, unrivalled service and reassuringly good value for our customers, we will remain equally committed to delivering our sustainability commitments in the coming years.

Thank you for being part of our journey.



Hannah Gibson
CEO, Ocado Retail

Our sustainability highlights: 2019-2023

2019

Ocado Retail created as a joint venture between Marks & Spencer and Ocado Group.

2020

Co-founder of The Refill Coalition to deliver **refills at scale**.

Signatory to the **British Retail Consortium (BRC) Climate Action Roadmap** to become **net-zero by 2040**.

2021

Project **sponsor of Stronger Together** to reduce modern slavery and third-party exploitation of workers.

First and only grocer globally to partner with Climeworks, a company specialising in carbon dioxide air capture technology.

Funded three Community Shops to support communities in Kirkdale, Beechwood and Knottingley.

Donated £500,000 to The Felix Project for five electric vans and nine e-charging points.

2022

Awarded the **Marine Stewardship Council UK Online Brand of the Year**.

Supported **The Soil Association's FABulous Farmers** to transition to **agroecological methods**.

Calculated our **greenhouse gas emissions** footprint.

Funded **the fourth Community Shop** in Leicester and sponsored Community Shop Christmas Meals, **donating 1,400 meals**.

Delivered a **world-first trial of serialised QR codes** to enable a Digital Deposit Return Scheme.

2023

Encouraged **10,877 families** to cook through **Community Shop Family Cook clubs.**

Won **four awards** for our **digital return scheme trial**.

Created the **first-ever Beano cookbook** to help families make their food go further.

Funding member of the **Seasonal Worker Scheme Taskforce** to help safeguard and ensure access to **workers' rights** in the UK.

Funded the **fifth Community Shop** store in Bewsey. With M&S, we provided **1,500 Christmas meals** to Community Shop, **helping 4,500+ people** enjoy Christmas.

Gained funding for research with Leeds and Manchester Metropolitan universities to investigate how consumers navigate **health in a digital food environment**.

Sponsor of **Farm to Freezer** with **The Felix Project**, supporting the **King's Coronation Food Project**, inspired by His Majesty King Charles III.

Our Planet Together strategy

Our Planet Together strategy is aligned with the United Nations Sustainable Development Goal (SDGs).
It is built on five key pillars:



1. Climate action

Achieving net-zero by 2040 by reducing greenhouse gas (GHG) emissions across our entire value chain, promoting climate resilience and improving livelihoods.



2. Sourcing with integrity

Promoting a food system that benefits people and works in harmony with nature, while strengthening supply chains.



3. Healthy sustainable diets

Making healthy and sustainable eating easier for customers, regardless of their dietary requirements.



4. Food waste reduction and communities

Maximising food surplus redistribution to charity partners, reducing food waste throughout our value chain and supporting local communities.



5. Responsible packaging

Reducing packaging, decarbonising the supply chain and promoting reusable and refill systems.



Future-proofing

Ensuring we are a forward-thinking business that empowers our people and customers.

Our approach

WE'RE WORKING TOGETHER for a better future, driven by our Planet Together strategy.

The strategy aligns with industry standards and science and encompasses bold commitments. This report highlights our progress in key sustainability areas from December 2022 to November 2023, based on our financial year and compared to our 2021 carbon footprint as a baseline.

Our strategy aims to enhance our brand relevance, business viability and company culture, and ensure Ocado Retail is fit for the future.



Our products

We offer a broad range of products, supported by key filters to personalise dietary requirements through the customer webshop with clear information to meet customer needs. We have a larger range of vegan, organic and free-from products than any other UK supermarket, including extensive options for gluten-free and dairy-free diets.

We also proudly give a platform for new and smaller purpose-driven businesses to showcase their product offer. Customers opting for green delivery slots can support fuel-related emissions reductions through delivery optimisation.

Our customers

We help our customers prioritise sustainability by offering convenient and dedicated shopping aisles. We promote affordability with price initiatives, including the 'Fill your Fridge for £5' campaign focused on healthy, fresh produce.

Our partners

We drive change through advocacy, innovation and industry partnerships. Key collaborators include The Soil Association on supporting farmers to transition to regenerative farming practices, the Waste & Resources Action Programme (WRAP) on resource efficiency, food waste reduction and recycling, and various research partners on responsible packaging. We work with Manufacture 2030 and the BRC Mondra Coalition to reduce emissions and decarbonise food supply chains.

Our partnerships with charities, including our key partners The Felix Project and Community Shop, help support and empower the most deprived communities to access healthy food, learn essential cooking skills and food education about how to make food go further.

Climate action



7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

planet together

WE'RE COMMITTED to achieving net-zero GHG emissions across our value chain by 2040.

Climate change

Through ambitious climate action, Ocado Retail is actively contributing to global efforts to mitigate the impacts of climate change and create a low-carbon future. Climate change is already affecting the food system, with rising temperatures, disrupted weather patterns, water scarcity and crop vulnerability. We acknowledge the challenges and are implementing measures to ensure a successful net-zero transition.

Our strategy reflects the urgency and integrity required, aligning with climate science. In 2020, we announced our commitment to achieve net-zero across our Scope 1, 2 and 3 greenhouse gas emissions by 2040 as part of the BRC Roadmap.

Our targets

Ocado Retail Limited has Science Based Targets initiative (SBTi) approved targets that align with the goal of limiting global temperature rise to 1.5°C.

Near-term target by FY2030
(from FY2021 base year)

- **42%** reduction in absolute Scope 1 and 2 GHG emissions
- **42%** reduction in absolute Scope 3 GHG emissions (energy and industry)
- **30%** reduction in absolute Scope 3 GHG emissions (forest, land and agriculture, or FLAG)
- **No** deforestation across primary deforestation-linked commodities (by FY2025)



Net-zero target by FY2040
(from FY2021 base year)

- **90%** reduction in absolute Scope 1, 2 and 3 emissions (energy and industry, non-agriculture)
- **72%** reduction in FLAG Scope 3 emissions

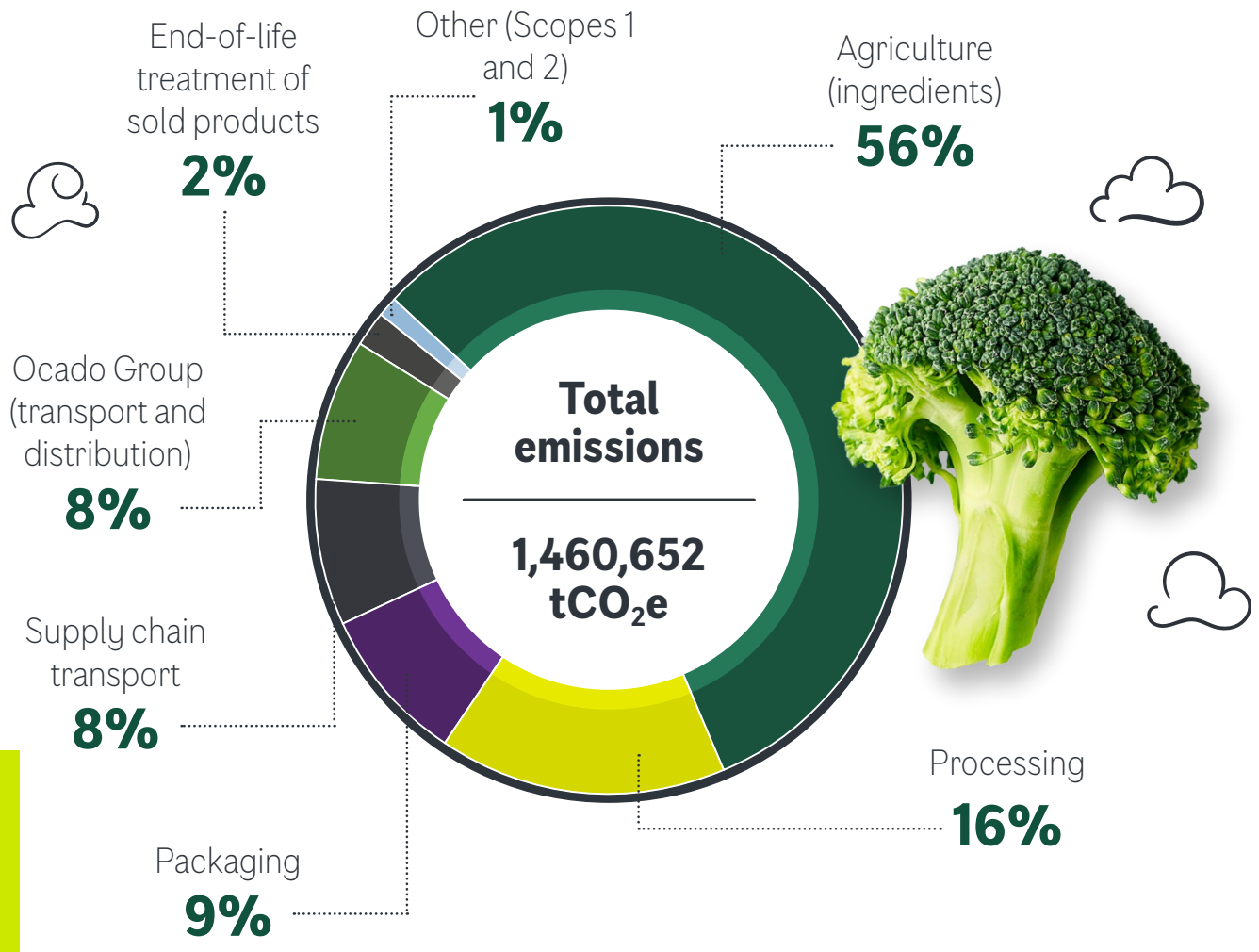
Our carbon footprint

WE CALCULATED OUR 2021 EMISSIONS FOOTPRINT throughout our entire value chain, considering both upstream and downstream activities. This comprehensive approach aligns with the GHG protocol.

Our 2021 emissions are the base year footprint against which we track our progress towards our science-based targets. In 2021, we found that less than 1% of our total emissions are attributed to Scope 1 and Scope 2. These emissions primarily come from our direct fuel usage and electricity consumption at our head office. The emissions from our operational logistics and transport to customer homes fall under Scope 3 and are managed by Ocado Group.

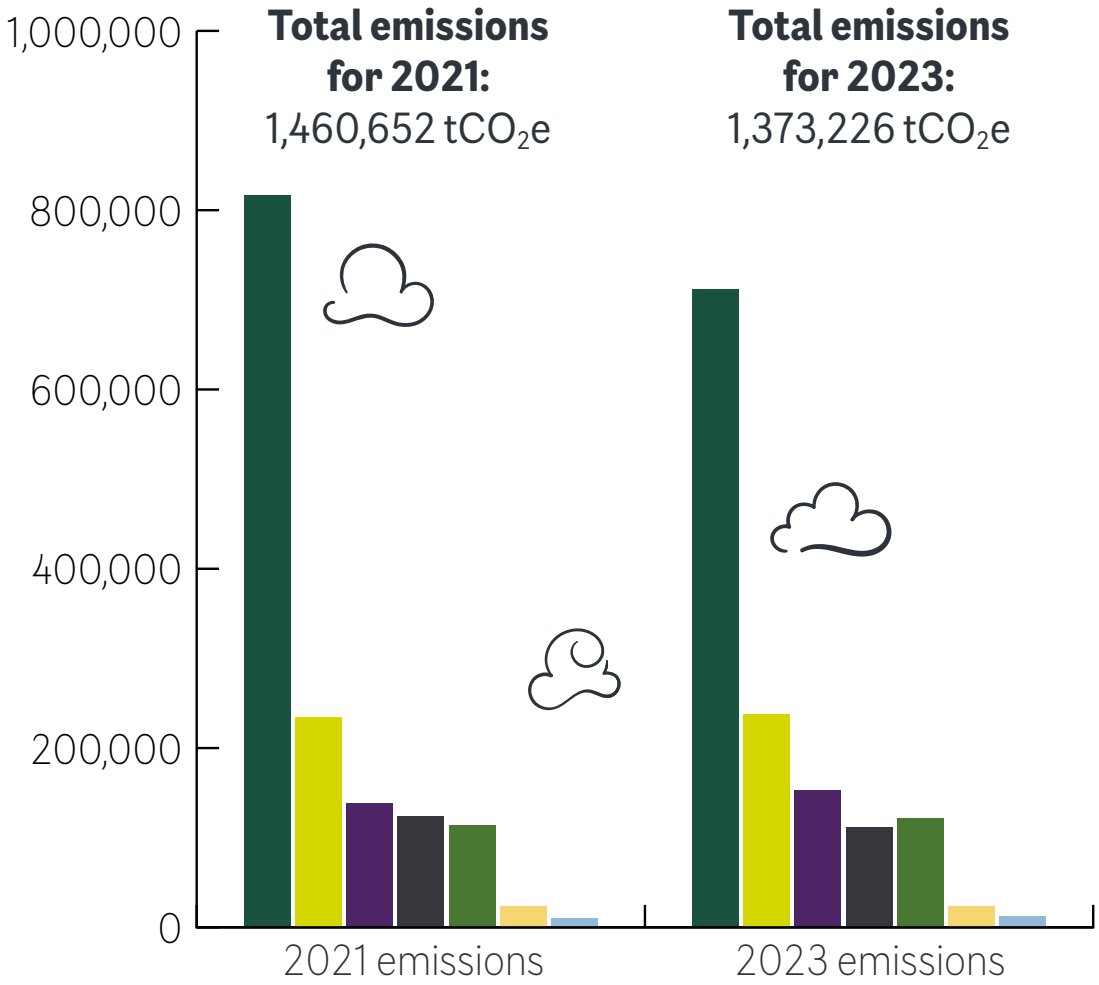
99% of our 2021 emissions fall under Scope 3, with 56% of our Scope 3 emissions coming from agriculture. Scope 3 is therefore our biggest area of focus when it comes to reducing our emissions, as it's where improvements will have the biggest impact.

Ocado Group's Dordon Customer Fulfilment Centre is more than 50% powered by biogas and all CFCs have LED lighting. New CFCs incorporate low-carbon technologies.



Our 2023 emissions

In FY2023, our total scope 3 emissions were 1.37 million tonnes. Despite our increase in overall sales volume, our emissions have decreased compared with the baseline year (1.46 million tonnes) alongside the total purchase volume. The most significant reduction, achieved through supplier engagement and industry collaboration, comes from the agricultural emissions, in particular the fresh beef category.



Our offices

Our 2023 emissions footprint for our HQ and Customer Hub is 365.97 tCO_2e, with Scope 2 emissions being zero as we purchased 100% renewable electricity.



Decarbonising our supply chain

FORGING PARTNERSHIPS is a key tool in reducing our Scope 3 emissions.

Strategic investment:

We are investing with key delivery partners such as Manufacture 2030 to engage with our suppliers to decarbonise operations, Mondra for ingredient-level emissions data management and future robust labelling, and The Soil Association's Fabulous Farmer programme to help farmers to apply agroecological practices that reduce farming emissions.

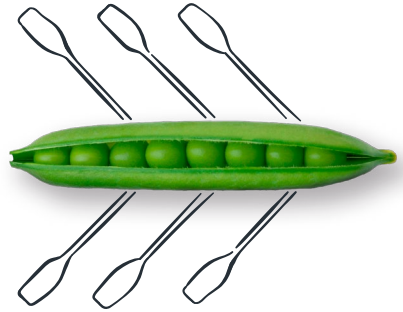
Industry collaboration:

Participating in industry initiatives is another way we can lower emissions in our supply chain and encourage our peers to do the same. We work with competitors to develop standardised packaging solutions with a lower environmental footprint, and collaborate with a range of partners on food waste reduction and redistribution. We are also founding members of the BRC's Climate Action Roadmap.



Our net-zero roadmap

WE RECOGNISE THE URGENCY of achieving our carbon reduction goals and are prioritising action in our highest-emitting areas.



Building our foundations

Transforming our business

Creating positive change

By 2040, we will reach net-zero

2022 2030 2035 2040

Our net-zero plan consists of 10 priorities

Low carbon supply and operations

1

Supplier manufacturing and processing
We assist suppliers in decarbonising manufacturing processes and reducing emissions from electricity, fuel and refrigerants. We ask our suppliers to join Manufacture 2030, which provides them with a framework for planning, measuring and taking action.

2

Packaging optimisation
We aim to decarbonise packaging materials used at all stages (primary, secondary and tertiary) through innovation, optimisation and reduction.

3

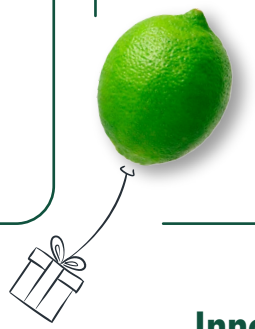
Supply chain transport distribution
We aim to support suppliers in decarbonising transport from farm to processing and from processing to CFCs through the adoption of electric vehicles, alternative fuels and rail transport.

4

Food waste reduction
We will drive industry-leading food waste reduction and maximise redistribution.

5

Offices
We will reduce energy consumption from our HQ and Customer Hub and look to move away from fossil fuels for heating.



Low carbon logistics

6

Ocado Group decarbonisation
We collaborate to decarbonise transportation and distribution emissions, aiming for a fully electric fleet by 2035.

Sustainable agriculture and diets

7

Sustainable agriculture
Through strategic partnerships and programmes, we collaborate with the farming community and suppliers to reduce cradle-to-farm gate emissions.

8

Deforestation
We strive to achieve a 100% deforestation and conversion-free supply chain by 2025 through rigorous sourcing codes and collaboration with suppliers and industry initiatives.

9

Healthy and sustainable diets
We promote sustainable diets by shifting the protein balance, which includes reducing meat and dairy consumption and increasing plant-based alternatives.

Innovation and advocacy

10

Investment
We will scale up reductions by investing in partnerships, innovations and technology to transform our operational approach.

Sourcing with integrity



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WE AIM TO PROMOTE A FOOD SYSTEM that benefits people and works in harmony with nature, whilst building more resilient supply chains.

By carefully selecting ingredients and products, we're working to lessen our impact on the environment and society, which ultimately benefits our customers too. We prioritise sourcing food grown or produced using methods that harmonise with nature. This means conserving resources, safeguarding soil health and biodiversity, and avoiding harmful chemicals. Responsible agriculture is key to cutting down global greenhouse gas emissions.

Our supply chain is vast and intricate and we don't directly own farms or factories or purchase commodities. This means our control and influence over the food system is limited. However, we're committed to promoting good sourcing practices across the industry. We leverage our market insights, technical know-how and resources to drive positive change.

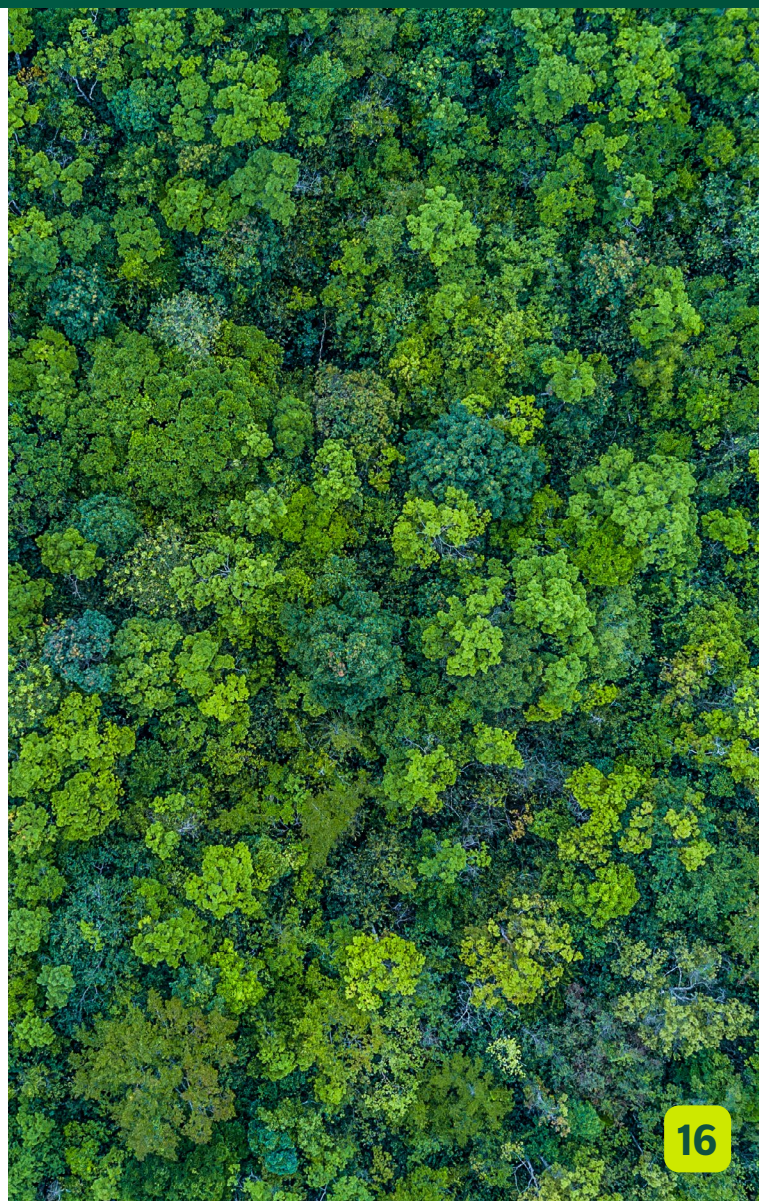
Deforestation

At Ocado Retail, we understand the significant impact commodity agriculture has on deforestation. That's why we collaborate closely with our suppliers and global partners to champion sustainable livelihoods, boost agricultural productivity, and encourage responsible land management practices.

Our aim is to guarantee that our products meet the highest standards of sustainability, benefiting both people and the planet.

100%

deforestation and conversion-free soy used in animal feed by 2025, with a cut-off date of 2020 at the latest.



Soy

Soy is a key source of protein and is widely used in animal feed.

In 2023, we assessed our soy supply chain for our Own Range suppliers. This assessment highlighted our overall soy footprint, the volume of product and embedded soy supplied within each category, where it is produced in the supply chain, and how much is verified. We had a 100% response rate from suppliers and **our 2023 footprint is 8,252 tonnes**, of which 5% is verified Deforestation & Conversion Free and **74% is in transition**.

We will work with our suppliers to ensure our commitments are implemented throughout the value chain. Beyond improving our soy supply chain, we are also exploring alternatives to soy-based animal feed and the reduction of our overall soy use.

The UK Soy Manifesto
TO A DEFORESTATION AND CONVERSION FREE SOY SECTOR

Ocado is a founding member of the UK Soy Manifesto, a critically important industry collective to improve the soy supply chain.

Palm oil

We require all our Own Range suppliers to buy palm oil certified by the Roundtable for Sustainable Palm Oil (RSPO) and to disclose their palm oil supply chains.

In 2023 we carried out a footprinting exercise which allowed us to identify the volume of Palm Oil sourced data. We used 36 tonnes, **97% of which are mass balance certified**. This accounts for three Ocado Own Range suppliers across bakery and household.

Timber

We are proud to have all of our Own Range paper and paper-based products certified by the Forest Stewardship Council (FSC), which aims to protect forests and communities. Our packaging suppliers must provide paper/card-based packaging from FSC-certified or well-managed forests.

Beef

All our Own Range beef is sourced from the UK and Ireland as part of our supplier sourcing requirements.

Sustainable agriculture

WE WORK WITH FARMERS TO PROTECT BIODIVERSITY, soil health, conserve water and reduce farm-related greenhouse gas emissions whilst promoting ethical and economically viable practices.

Nature-friendly farming

We work with our suppliers and their farmers to implement sustainable farming practices across our supply chains. In 2022, we invested in The Soil Association's participation in the FABulous Farmers programme (funded by Interreg, the European Union's scheme for cooperation across borders). FAB stands for Functional Agro Biodiversity. This project helped farmers identify and adopt practical, nature-friendly farming practices. The programme included peer-to-peer learning through farmer networks, technical advice on practice adoption, advocacy for policy change, and the development of business models.

LEAF Marque will play a pivotal role in delivering our commitments in the UK.

This certification helps customers identify sustainably grown food that enriches the environment and engages communities. We continue to work with our international growers on options for achieving a high level of environmental practices and certification.

Decarbonising farming

Over half of our carbon emissions come from agriculture, so decarbonising our agriculture supply chain will be critical to achieving our net-zero goal. We have partnered with the BRC Mondra Coalition, which aims to provide a coordinated approach to decarbonising food supply chains at scale through rigorous product footprinting and supplier data collaboration.

At least 50% of our whole produce and grains to be certified or covered by a robust environmental scheme (such as LEAF Marque) by 2030.

Source 100% of Ocado's Own Range meat, dairy and eggs, including as ingredients, to 'Better' standard by 2030 (based on the 'Sourcing Better' Framework).

100% of our UK Own Range berries are LEAF Marque Standard certified.

Water stewardship

Water is critical to our business – our supply chains and operations depend on a healthy water supply. We are a signatory of the WRAP Courtauld Commitment 2030 Water Ambition. Alongside our industry partners, we fund a World Wide Fund for Nature (WWF)/WRAP programme to reduce water stress in southern Spain.

We will continue to directly support water stewardship projects – including projects in the UK through the Rivers Trust – to work on a localised level, dealing directly at source with issues specific within each water catchment area.

Source at least 50% of Ocado's Own Range fresh food from areas where sustainable water management is practised by 2030.

WWF/WRAP programme in southern Spain

This region, and particularly the land within Doñana National Park, is a key growing area for strawberries and other fruit. Outside of the UK growing season, up to 50% of the UK's strawberry imports (by value) come from this region.

Southern Spain is one of the most at-risk sourcing regions for the UK food supply in terms of water scarcity and quality, with agriculture being a key driver. The project brings together businesses, growers and other relevant stakeholders to take action at the catchment and river basin level.

The programme involves a range of interventions including diagnosing action needed at a macro and local level (e.g. targeted nature-based solutions, water quality improvements), farmer engagement and knowledge sharing, strengthening certification standards and joint advocacy to improve water governance.

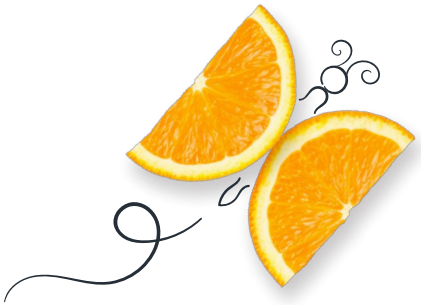




Animal welfare

WE PROTECT THE HEALTH AND WELFARE of animals at all stages of our supply chains.

Our approach to animal welfare starts at the farm, and we ask all our suppliers to work with farmers who are dedicated to quality and who take good care of their animals. We recognise the integral role that animal health and welfare play in sustainable production and we will continue to promote high welfare standards.



We have a number of set requirements to ensure animal welfare standards are met and maintained in our supply chains. These requirements are based on third-party assurance standards such as Royal Society for the Prevention of Cruelty to Animals (RSPCA) certification for eggs, British Red Tractor or an equivalent in-country standard for products including poultry, beef, lamb, milk and cheese, and Responsible Use of Medicines in Agriculture Alliance (RUMA) targets for antibiotic use. We also commit to continually reviewing our standards and working with our suppliers and industry partners to bring about improvements.

Align to the Tier 2 requirements of the Business Benchmark for Farm Animal Welfare by 2027.

Source 100% of Ocado's Own Range meat, dairy and eggs, including as ingredients, to 'Better' standard by 2030 (based on the 'Sourcing Better' Framework).

100%
of Ocado Own Range and branded eggs sold on ocado.com are organic or free range.

100%
of Ocado Own Range chicken is British and our Own Range beef is British or Irish, certified under Red Tractor or Bord Bia (Irish Food Board) schemes.

Marine

WE STRIVE TO PROTECT THE HEALTH AND WELFARE of fish stocks whilst promoting a healthy marine ecosystem.

We have an important responsibility to promote healthy oceans and fish stocks by making sustainable sourcing choices. We also know that our customers really care about how their seafood is sourced.

Since 2022, we've been members of the Sustainable Seafood Coalition and support its vision that 100% of the seafood sold in the UK comes from sustainable sources. We abide by the Sourcing and Labelling Codes of the Sustainable Seafood Coalition and we will never sell endangered species.

100% of Ocado Own Range seafood from sustainable sources by 2030.

In 2023, **89% of Ocado Own Range seafood was certified as responsibly sourced**, a 6% increase from our 2021 base year (83%).

For two years running, we were named the MSC UK Online Brand of the Year in recognition of how we "used [our] platform to champion sustainable seafood, promote certified products and raise awareness around the blue MSC ecolabel".

MSC UK AWARDS WINNER 2023



100%
Ocado Own Range chilled wild-caught fish is MSC-certified.

100%
Ocado Own Range shrimp is Aquaculture Stewardship Council (ACS) certified.

Reduce fishmeal and fish oil usage to forage fish dependency ratio (FFDR) <1 by 2030.

Ensure that 100% of the fishmeal and fish oil in our supply chain is certified sustainable by 2027.

We continue to source fish responsibly:

Wild-caught fish

We require all our suppliers to achieve Marine Stewardship Council (MSC) certification or for their fisheries to participate in a Fishery Improvement Project. The MSC logo reassures our customers that the fish is caught in a sustainable way that prevents overfishing and protects the marine environment.

Farmed fish

We are committed to ensuring that farmed seafood is certified under a Global Sustainable Seafood Initiative (GSSI) benchmark scheme. Since 2022, **100% of Ocado Own Range chilled and frozen farmed seafood is certified as responsibly sourced**.

Feed is a major environmental challenge in aquaculture. In 2022, we **achieved 63% farmed seafood products with forage fish dependency ratio (FFDR) <1** which forms our baseline.



People

WE STRIVE TO PROTECT AND RESPECT the livelihoods of all workers in our supply chain. That means paying a fair price to suppliers, supporting local communities, and ensuring good and safe working conditions for everyone in our business and supply chain.

We are fully committed to promoting a food system that protects human rights and treats all people in our supply chains ethically, and to uphold the United Nations Guiding Principles on Business and Human Rights. Human rights and modern slavery risks are part of our corporate risk matrix and monitored by our Board's Audit Committee. In 2023, we carried out a comprehensive review of our Human Rights & Modern Slavery approach which led to a new strategic plan. We also delivered training to all colleagues and a refresher will be mandated annually.

Our Ocado Own Range suppliers are required to adhere to our policies and codes of practice, including Grocery/General Merchandise Supplier Manual and Ethical Sourcing Code of Practice. These suppliers must be active members of the Supplier Ethical Data Exchange (SEDEX) and complete a Sedex Self-Assessment Questionnaire on an annual basis.

We use SEDEX's Radar to risk assess our suppliers in the four SEDEX Members Ethical Trade Audit (SMETA) pillars and 14 risk topics.

This provides an inherent and combined risk rating for suppliers of Ocado Own Range products based on factors such as country, product area, sector profile and site function. We consider risks beyond our Tier 1 (Own Range supplying sites), and engage with those active in high-risk supply chains. This means they pack commodities (coffee, tea), produce, seafood and/or have supply chains extending to countries with known Human Rights risks.

Third party storage and distribution sites are utilised for temporary product storage and consolidation. We recognise the risk associated with these operations and in 2023 we expanded our programme to these sites.



100% of Ocado Own Range high-risk Tier 1 suppliers to complete a two-pillar SMETA Audit on a yearly basis.

Map 100% of our high-risk products to source level so we can identify and address any human rights or modern slavery risks.

We identified and engaged with 28 Tier 1 suppliers active in high-risk supply chains.

Stronger Together

We continue to be a project sponsor of Stronger Together, a multistakeholder business-led initiative aiming to reduce modern slavery and hidden third-party exploitation of workers.

Food Network for Ethical Trade (FNET)

We are members of FNET, a supplier-led initiative aiming to use the collective leverage of suppliers and retailers to bring about positive change in working conditions in global food supply chains.

Seafood Ethics Action Alliance (SEA)

We recognise that more can be done to ensure the human rights of fishermen are upheld. Since 2022, we've been members of the SEA Alliance, a pre-competitive collaboration of retailers and seafood businesses aiming to strengthen human rights due diligence carried out in global seafood supply chains.

Unseen

In 2022, Ocado became a partner of Unseen, a UK charity working with individuals, businesses, governments, communities, and other charities to help eradicate modern slavery. They provide the UK Modern Slavery and Exploitation Helpline, which any supplier or worker can use, as well as safe houses and support for survivors of trafficking and modern slavery.



Healthy sustainable diets



3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

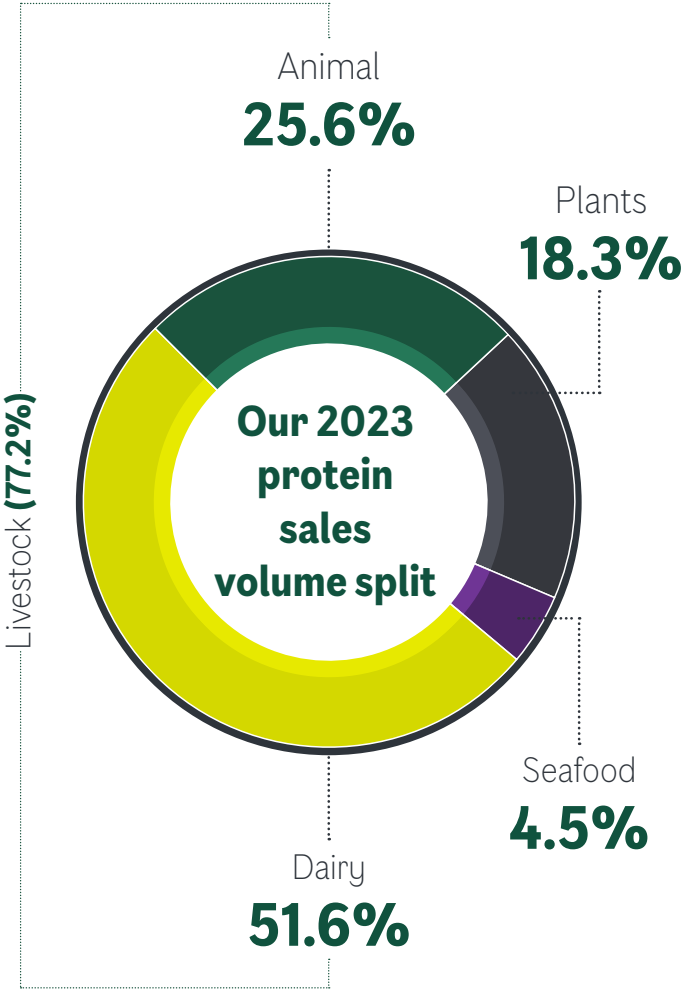
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WE'RE DEDICATED TO HELPING CUSTOMERS eat healthily and sustainably, regardless of their dietary requirements. Poor diets in the UK harm both health and the environment – food and drink contribute 35% of the country's greenhouse gas emissions.

By promoting plant-based, fibre-rich options while reducing high-fat, sugary and salty choices, we can improve health and minimise environmental impact. We established a 2023 baseline year for reporting our healthy sustainable diets targets, using sales by volume (tonnes) as the key metric. Our approach has been developed in collaboration with key external stakeholders to ensure we are as closely aligned as possible to the reporting requirements of investors, NGOs and government.

Protein definition: This includes primary and minimally processed protein foods (excluding composite dishes), which are split into three categories: Livestock (animal-derived and dairy), seafood and plant.

Increase sales of plant-based proteins to rebalance the ratio with animal protein.





Increase sales of healthy food and beverages in alignment with the government's healthy eating guidelines.

Increase sales of fruit and vegetables as a key indicator of the healthiness of our customer baskets.

We have...

A larger range of vegan, free-from and organic products than any other supermarket.

Launched Community Shop Family Cook clubs, providing easy to make and healthy recipes that encourage families to cook.

Healthy food and drinks: We use the UK Nutrient Profiling Model definition of 'healthy', which defines healthy food and drinks as not being high in fat, salt or sugar (non-HFSS). Category exclusions include non-food products, baby food or formula, and alcohol. We are working on the baseline.

Fruit and vegetables: The definition of fruit and vegetables follows the five-a-day definitions, and includes fresh, frozen, tinned, dried, 100% juice and smoothies; composite dishes have not been included.

In 2023, **24.3% of our total food sales were of fruit (12%) and vegetables (12.3%)**.

Further details, including product exclusions, can be found in the health reporting disclosure documents on our website.

We committed to the Food Foundation's Peas Please initiative by pledging to ensure all main meal recipes in our OcadoLife Magazine contain at least one portion of vegetables.

Peas Please
Making a pledge for more veg



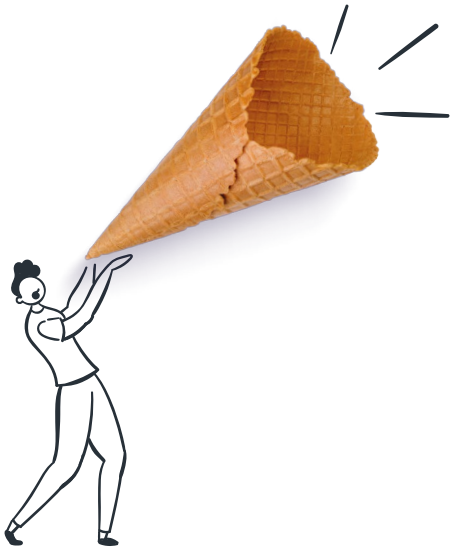
Making it easy to eat healthily and sustainably

OUR APPROACH can be broken down into four main areas.

1. Reassuringly good value

We make healthy and sustainable diets more accessible and affordable by addressing price barriers. Our initiatives include:

Fill your fridge for £5: We launched this promotion in January 2022 to make fresh fruit and vegetables more affordable.



Everyday savers: We offer approximately 200 popular everyday grocery essentials that are either price-matched or cheaper than our competitors. A significant proportion of these essentials consists of fruit and vegetables. We prioritise including healthier options alongside standard products, such as wholewheat pasta, wholemeal bread and wholegrain alternatives.

Eating on a budget: Our OcadoLife magazine and ocado.com feature regular recipe ideas for budget-friendly meals. We collaborate with our brand ambassadors Nigella Lawson and Lisa Faulkner to create affordable recipes.

Partnerships

Partnering with key nutrition and health stakeholders helps us achieve our goals and provides us with objective feedback and counsel. We are members of the BRC's Nutrition Working Group, Anaphylaxis UK, and Campden BRI. In 2023, we became members of the British Nutrition Foundation.

We also secured funding with University of Leeds and Manchester Metropolitan University to investigate how consumers navigate health when shopping online, and to understand how to best nudge them to healthier and more sustainable diets. Funding was through the Open Innovation Research Club Consumer Lab, by the Biotechnology and Biological Sciences Research Council.



2. Unbeatable choice

We take pride in our wide range of healthy products, catering to various dietary needs. Our offerings include M&S Eat Well, Count on Us, Plant Kitchen and other leading health brands. We also provide the largest selection of vegan and organic products compared to any other supermarket. Additionally, we offer the most extensive range of free-from products.

Nutrient reduction

We are committed to achieve the government's nutrient reduction targets for our Own Range products where there is no compromise to product safety or quality. In 2023, 80% of Ocado Own Range eligible products are below the maximum 2024 salt target, and 100% meet the 2024 maximum calorie targets.

3. Convenient and easiest shop

We provide a dedicated section on ocado.com for dietary and lifestyle preferences, including vegetarian, vegan, free-from, weight management and organic. Our extensive dietary filters make it quicker and easier for customers to find suitable products. Furthermore, we are continuously improving our nutrition labelling to empower customers to make informed purchase decisions.

4. Nudging and inspiring

Through our marketing channels, we promote healthy choices and provide recipe inspiration. This includes a dedicated 'healthy' recipe section on ocado.com, featuring nutritionally balanced recipes. We also highlight vegan, vegetarian and gluten-free recipes, and approximately one-third of the recipes in OcadoLife Magazine are plant-based.

We launched the first ever Beano Cookbook, created to help families make their food go further, and take children and parents on a fun, food-fuelled journey through the joy of cooking. Together, we also created food waste lessons for children in key stages (KS) one and two (ages 5-11). See page 33 for more details.

Food waste reduction and communities





planet together

Food waste reduction

FOOD WASTE AND HUNGER are urgent environmental and humanitarian challenges. At Ocado Retail, we recognise our responsibility and prioritise reducing food waste and increasing redistribution to address these pressing issues.

Ocado Retail has a long history of partnering with social enterprises, charities, food banks and initiatives to tackle food redistribution, including providing donations of groceries, cash and operational assets such as vehicles.

We measure our food waste in line with the Food Loss and Waste Protocol (FWLP). The methodology measures food waste as a percentage of "food handled" by weight.

Reduce food waste in our own operations by 20% by 2025 and halve it by 2030 (against a 2022 baseline).

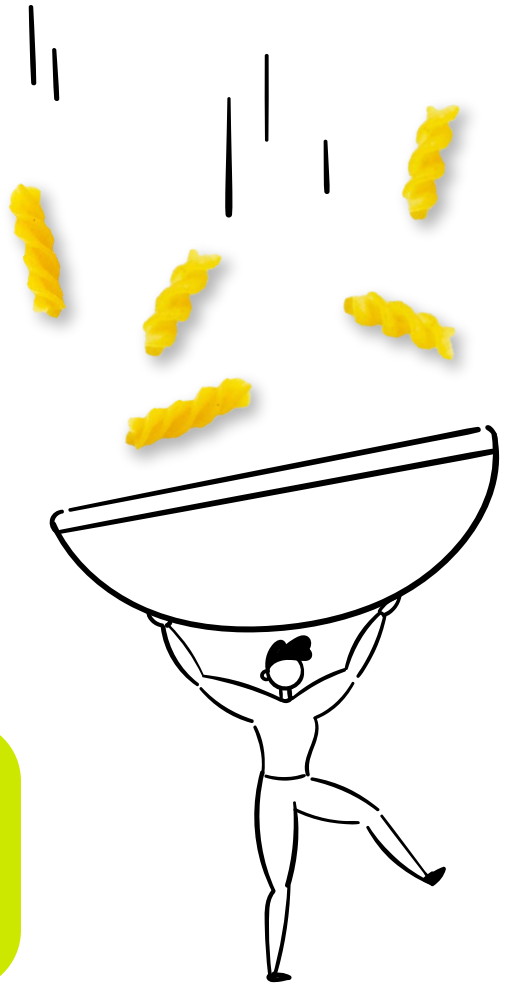
100% of edible food surplus to be redistributed by 2025.

Food handled is defined as food sold + food redistributed (to charities, zoos, etc) + food waste (inedible food that is unable to be redistributed for animal or human consumption, instead sent to anaerobic digestion). It excludes non-food products and packaging weight.

We established our baseline in 2022: 0.59% of food handled in our operations ended up as waste. **In 2023, food waste was reduced to 0.43%**, which represents a **27% reduction against the baseline**.

A focus on operational efficiencies including better discount management, improved forecasting, proactive management of potential surplus through enhanced visibility, improved supply chain stock management, and better reporting has driven the reduction.

$$\text{Food Waste \%} = \frac{\text{Tonnes of food waste}}{\text{+ Tonnes of food product sold + Tonnes of food redistributed + Tonnes of food waste}}$$



Reducing waste and amplifying redistribution

Tackling food loss in our operations

Ocado aims to minimise food waste through our operations. Our technology accurately forecasts demand, shortening supply chains and reducing overordering. Unsold food is efficiently redistributed, with **72% of unsold food going to staff, charities and Company Shop**. Inedible food is sent for anaerobic digestion, which then creates energy that powers our Dordon CFC.



Maximising redistribution

We take pride in our redistribution network, which has successfully **redistributed £10.7 million in surplus stock** to our trusted network of charity partners across the UK including The Felix Project and Community Shop. Generous customer donations through our initiative You Give We Give contributed **£2.5 million** to this total. Working closely with Ocado Group, we strive for maximum efficiency in redistributing products to realise their full usage potential.

Reducing waste in the supply chain

We partner with suppliers through Manufacture 2030, a platform which helps suppliers measure, improve and communicate their food waste performance.

We also optimise processes and packaging to maximise freshness and minimise damage.

We are **proud partners and sponsors of the Farm to Freezer pilot** with The Felix Project. It supports **The Coronation Food Project**, inspired by His Majesty King Charles III, which aims to unlock more surplus food from the value chain to reduce both food waste and food insecurity. The pilot focuses on accessing surplus food at farms by using innovative ways of prolonging the life of foods including juicing, jamming, cutting, saucing, chopping and freezing.

Preventing food waste in the home

60% of food waste comes from households. We have a responsibility to empower our customers to prevent and reduce their food waste, with the added bonus of helping them save money.

make it easy:

Our operating model maximises product life for customers. Our receipts are thoughtfully organised by expiry dates, enabling customers to prioritise items, plan meals and reduce food waste.

use innovation:

In 2023, we built on the success of the pioneering trial with QR codes on our Own Range milk and have expanded this to other products such as Ocado Mince Beef. The codes provide customers with real-time information, tips and recipes to prevent food waste.

support consumer campaigns:

We proudly support WRAP's Food Waste Week and conduct our own marketing initiatives to raise awareness and educate both externally and internally.

We...

get customer insights:

In partnership with WRAP, we trial interventions to reduce household food waste. Since 2022, we have removed 100 best-before date labels of our unprepared produce lines.



promote food waste recipes and tips:

Through our OcadoLife magazine and charity partnerships, we provide food waste recipes and raise awareness about the impact of waste on food insecurity. With Beano, we created the iconic comic's first ever cookbook, to help families make their food go further, and take children and parents on a fun, food-fuelled journey through the joy of cooking. With WRAP and Beano, we created KS1 and KS2 lessons that teach children about the world's food waste problem and equip them to reduce their own waste.



Communities

WE ACTIVELY ADDRESS FOOD POVERTY AND INSECURITY in the UK, aiming to deliver a lasting impact that benefits the communities in which we operate.

We tackle these issues using our platform, resources, expertise, and partnerships, and through collaboration with community groups, charities and social enterprises.

Alongside our two key charity partners, Community Shop and The Felix Project, we support a network of charities across the UK like Magic Breakfast, Dens and Edible Links. Through Zoom by Ocado, we enable customers to donate breakfasts and provide vouchers for purchasing fresh food to supplement donations to a local school.

£10.7 million in surplus stock redistributed to our network of charity partners in 2023.

Support key charity partners to tackle food insecurity.

Sponsor projects that deliver on food waste prevention and awareness as well as school food education and nutrition.

Invest in innovation and research to deliver industry-leading trials for the benefit of people and planet.



Supporting communities through our key partners

Through Community Shop, we provide local communities across the country with access to affordable, high-quality surplus food and household products, along with life-changing personal development support. We funded the opening of **two new shops**, bringing the total of **shops supported by Ocado to five**.

Community Shops serve as a lifeline, supporting households, improving members' quality of life and offering valuable community programmes. We launched Community Shop Family Cook Clubs to teach cooking skills and promote food education. Additionally, we partnered with M&S at Christmas to provide **1,500 meal bundles** to Community Shop, helping **over 4,500 people** in the most deprived communities to enjoy Christmas at home.

"Community Shop offers a powerful combination of access to deeply discounted food and life-changing learning and development programmes. Thanks to the ongoing support of Ocado Retail we've been able to open five new Community Shops and support thousands more people."

Gary Stott, Executive Chairman of Community Shop

1,500 meals supplied through Community Shop's Christmas Meals 2023 campaign.

10,877 people took part in the 2023 Community Shop Family Cook Clubs.



Supporting communities through our key partners

Since 2019, we have partnered with The Felix Project, the UK's largest surplus food redistribution charity. In its best year ever, The Felix Project delivered the equivalent of **32 million meals to over 1,100 community organisations and schools**.

Ocado contributed food for 1.9 million of these meals, together with cash to support the charity's activities. We are also currently leasing depot space to them at our Park Royal warehouse.

"The support The Felix Project receives from Ocado is phenomenal. Their staff are amazing volunteers and they give us fantastic financial support which means we can be there to feed the ever-growing numbers of people struggling with food insecurity and poverty."

Charlotte Hill OBE, CEO, The Felix Project

1.9 million meals donated to The Felix Project (783 tonnes of food).



Volunteering and colleague fundraising

Our ‘Donate a day’ initiative grants colleagues an extra day of annual leave to step away from their desks and spend time volunteering with one of our charity partners.

Providing monetary donations and gifts ‘in kind’

Through our You Give We Give scheme, we match customer donations, effectively doubling the value and providing our charity partners with two pounds worth of groceries for every pound donated. We donated **£1.1 million in cash and £10.7 million in surplus stock to charity partners** in 2023, with **£2.5 million contributed by our customers**.

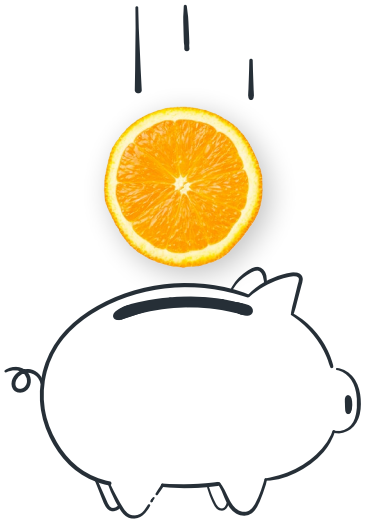
Additionally, we offer a charity gift voucher scheme to support fundraising efforts of charitable organisations.



1,016 staff volunteering hours in 2023.

£400,000 donated for environmental causes in 2023.

£50,000 donated to the Turkey Syria Earthquake Appeal.



Responsible packaging



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

planet together

WE PLEDGE TO HALVE our Own Range packaging's environmental impact by 2030.

Online packaging presents a unique opportunity as it doesn't require the same shelf presence as in-store packaging. We are actively redesigning our Own Range packaging and working with suppliers to prioritise sustainability while still fulfilling its essential role of protecting products and minimising food waste. Our focus is on innovative solutions that prevent waste from being generated in the first place.



Reduce and reuse

Eliminate unnecessary packaging, use the least material possible to preserve and protect the product, and by 2024 launch an online reuse system.

Recycle

Increase the average recycled content of Ocado Own Range plastic to 30%, and ensure 100% of our packaging is recyclable by 2025.

Decarbonise

Integrate sustainable thinking into packaging design from the outset.

Recognised for innovation:

In 2022, Ocado Retail and Polytag launched a world's first trial featuring 'unique-every-time' QR codes in our milk bottles for customers to scan their empty containers and recycle them at home. These codes are linked to a fully-customisable landing page providing shoppers with real-time information on recycling and other sustainability topics.

Following the trial's success, we joined forces with Polytag and Bower in July 2023 to debut a world-first digital deposit return scheme (DDRS) pilot for our milk bottles. Although a deposit was not paid, customers scanned the unique-every-time QR code and received a 20p reward.

The response from consumers was overwhelmingly positive with 20,000 rewards redeemed in 55 days. This initiative won four awards within the packaging and sustainability industry:

- The Grocer Gold 2023: Recycling Initiative of the Year
- MRW National Recycling Awards: Digital Innovation
- UK Packaging Awards: Innovation of the Year
- BRC Showcase 2023: Changing Consumer Behaviour



Scan for the full report:





Halving the impact of our packaging

OUR APPROACH is to focus on optimisation and innovation.

Reducing

Key achievements include:

- Removed bubble pads from our UK strawberry lines and plan to roll out wider. Calculated that this will result in a reduction of 3.6 tonnes of plastic annually by eliminating 370,000 units of unnecessary and hard-to-recycle packaging components.
- Introduced a new double-stacked steak format, maintaining exceptional quality and freshness while using 50% less plastic. By adopting this innovative approach, we eliminate eight tonnes of plastic packaging annually.
- Removed the tray from our whole chicken range, which eliminates 4 tonnes of plastic and removes 565,000 unnecessary packaging components every year.
- Redesigned the label on the lid of our spice range to eliminate the tamper-evident seal. This change removes 508,000 units of unnecessary hard-to-recycle packaging components each year.





less plastic in our double-stacked steak packaging

93%
of Ocado Own Range packaging is recyclable.

140 tonnes
of packaging removed since 2021.

25 million
unnecessary packaging components removed since 2021.

Reusing

For products: As founders of the Refill Coalition, we are pioneering the development of an industry-wide, online reuse solution. This innovative approach, due to start in 2024, will have a substantial impact on reducing single-use packaging throughout the entire supply chain.
For transit: We tested replacing shrinkwrap with reusable polyethylene terephthalate (PET) nets for internal pallet movement at one of our customer fulfilment centres. If successful, it will reduce three tonnes of plastic annually without compromising efficiency or safety.

Recycling

In 2023, 93% of Ocado Own Range packaging was recyclable. This represents a 5% increase from 2021 (88%).

We are also working to increase the average recycled content of our plastic to 30%. In 2023, **we achieved 21%**, a 5% increase from 2021 (16%).

We eliminated 12 tonnes of hard-to-recycle plastic from our apples in 2021. The innovative fully recyclable, printed paper lid and cardboard tray protect the product while also reducing the need for 1.2 million labels, enhancing our brand image and enabling customers to recycle more effectively.

This new technology doubled our packing speed, improving supplier production efficiency.

We continue prioritising easy recycling for our packaging, aiming to increase customer recycling rates and the use of recycled materials. Since 2015, we've operated a UK closed-loop recycling scheme for our carrier bags. Our grey bags avoid water-intensive bleaching and the ink is vegan-friendly.



We were the first online supermarket to offer Podback recycling bags for coffee pods. Our Own Brand coffee pods can be recycled through the scheme. At a specialised UK reprocessing plant, the pods are separated into coffee grounds for soil improvement and renewable energy, while the aluminium is transformed into new products.

Decarbonising

Packaging accounts for 9% of our Scope 3 emissions (based on our 2021 data). Plastic and glass make up 70% of our packaging footprint by tonnage. We will work with BRC Mondra and our suppliers to assess the environmental impact, identify hotspots and explore improvement opportunities across the packaging life cycle.



Our governance and reporting





Governance

IN 2022, we refreshed our approach to sustainability governance to help us better tackle the climate emergency. We formalised our Environmental, Social and Governance (ESG) structure with leaders across the business. In addition, we created a joint Climate Action Group with Ocado Group and Ocado Logistics to accelerate decarbonisation initiatives across both organisations.

Our ESG governance structure

Board of Directors
Responsible for the long-term success of the company.

Board committees
Each committee chair reports to the Board on matters discussed and topics requiring Board attention.

Audit committee
Reports to the board on Ocado Retail's financial reporting, internal control and risk management systems.

Remuneration committee
Responsible for the remuneration arrangements of the Executive Directors and Senior Management.

Leadership Team
Responsible for the day-to-day running of the business and implementing the strategies the Board has set.

Governance committees
The governance committees report to the Board or Board committees as appropriate.

Capital expenditure group
Reviews and authorises capital expenditure projects, overspends and property expenditure in accordance with agreed limits.

Compliance committee
Monitors the effectiveness of Ocado Retail material compliance programmes.

Health, Safety and Environment committee
Oversees Ocado Retail's health, safety and environment standards and systems, and monitors compliance.

ESG committee
Defines Ocado Retail's strategy and is responsible for the governance of the programme and its implementation.

Ocado Retail Ltd, Ocado Group and Ocado Logistics Climate Action Management Group
Aligns and manages the carbon interdependencies.

Other committees
Ensure the implementation of the business strategies.

Reporting

THIS IS OUR FIRST SUSTAINABILITY REPORT, which covers our financial year from December 22 to November 2023.

We publicly disclose our activity and performance on the full range of sustainability issues of interest to our customers and stakeholders through our dedicated sustainability webpage and robust reporting.

We published a disclosure aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in our annual report. We assessed climate risk and opportunity hotspots across our business and supply chains using climate analysis across two extreme scenarios: 4°C and <1.5°C global mean temperature increases.

Stakeholders

We continue to engage directly with interested stakeholders such as WRAP, Food Foundation and WWF. As part of this engagement, we participate in surveys and benchmarks that provide us with an external perspective on our sustainability performance, help us better understand our areas of focus and ultimately help us to achieve our targets.



Our performance

SUMMARY OF 2023 REPORTING against our Planet Together commitments.

Key

Complete **In progress** **Scoping**

Sustainability Strategy Pillar	2030 Commitments	Target indicator	Baseline (year)	Target date (year)	Target (unit)	Status	2021 FY (Unit)	2022 FY (Unit)	2023 FY (Unit)
1. Climate action	42% reduction in absolute Scope 1 and 2 GHG emissions.	% reduction of GHG emissions across scope 1 & 2 activities using a location-based accounting method.*	2021	2030	-42%		332 tonnes CO_2e	431 tonnes CO_2e 29.52%	370 tonnes CO_2e 10.2%
	42% reduction in absolute Scope 3 GHG emissions (energy and industry).	% reduction of GHG emissions across scope 3 activities (energy and industry).	2021	2030	-42%		640,776 tonnes CO_2e	627,762 tonnes CO_2e -2.54%	660,776 tonnes CO_2e 2.65%
	30% reduction in absolute Scope 3 FLAG GHG emissions.	% reduction in Scope 3 FLAG GHG emissions.	2021	2030	-30%		816,954 tonnes CO_2e	692,214 tonnes CO_2e -15%	712,450 tonnes CO_2e -12.79%
2. Sourcing with integrity	100% deforestation and conversion-free soy used in animal feed by 2025, with a cut-off date of 2020 at the latest.	% of conversion-risk commodity in own supply chain that is verified deforestation and conversion-free.	2022	2025	100%			Soy: 2% verified, 65% in transition	Soy: 5% verified; 74% in transition. Palm oil: 97% mass balance certified
	At least 50% of Ocado Own Range whole produce and grains certified or covered by a robust environmental scheme (such as LEAF Marque).	% of Ocado Own Range whole produce and grains certified or covered by a robust environmental scheme.	In development	2030	50%				
	Source at least 50% of Ocado's Own Range fresh food from areas where sustainable water management is practised.	% of sourcing from areas with sustainable water management.	In development	2030	50%				
	Source 100% of Ocado Own Range meat, dairy and eggs sourced to 'Better' standard (based on the 'Sourcing Better' Framework).	% Ocado Own Range meat, dairy and eggs sourced to 'Better' standards.	2023	2030	100%				5,046 tonnes 15%
	Align to the Tier 2 requirements of the Business Benchmark for Farm Animal Welfare by 2027.	Business Benchmark Tier number.	In development	2027	Tier 2				

*Using a market-based accounting method, our GHG emissions (tonnes CO_2e) for Scope 1 in 2021: 116.73; 2022: 146.42; 2023: 119.55. Scope 2 was zero for all years as we purchased 100% renewable energy. Our emissions increased in 2022 due to the addition of our Customer Hub.

Key

Complete **In progess** **Scoping**

2. Sourcing with integrity	Source 100% of Ocado Own Range seafood from sustainable sources.	% of seafood from sustainable sources.	2021	2030	100%		695 tonnes 83%	781 tonnes 91%	786 tonnes 89%
	Reduce fishmeal and fish oil usage to forage fish dependency ratio (FFDR) <1.	% farmed seafood products with FFDR (FFDRm and FFDRo) <1.	2022	2030				544 tonnes 63%	
	Ensure that 100% of the fishmeal and fish oil in our supply chain is certified sustainable by 2027.	% feed ingredients certified by Marine Trust, MSC standards or equivalent.	In development	2027	100%				
	100% of Ocado Own Range high-risk Tier 1 suppliers to complete a two-pillar SMETA Audit on a yearly basis.	% Ocado Own Range high-risk Tier 1 suppliers assessed with a two-pillar SMETA Audit/annum.	2023	2030	100%			60%	75%
	Map 100% of our high-risk products to source level so we can address any human rights or modern slavery risks.	Map 100% of our high-risk products to source level so we can identify and address any human rights or modern slavery risks.	2023	2030	100%			75%	93%
3. Healthy sustainable diets	Increase sales of plant-based proteins to rebalance the ratio with animal protein.	% protein sales volume from livestock, seafood and plant-based sources.	2023	2030	%				77.2% livestock (25.6% animal; 51.6% dairy), 4.5% seafood, 18.3% plant
	Increase sales of healthy food and beverages in alignment with the government's healthy eating guidelines.	% increase in sales of healthy food and beverages.	In development	2030	%				
	Increase sales of fruit and vegetables as a key indicator of the healthiness of our customer baskets.	% increase in sales of fruit and vegetables.	2023	2030	%				24.3% (fruit 12%; vegetables 12.3%)
4. Food waste reduction & communities	Reduce food waste in our own operations by 20% by 2025 and halve it by 2030 (against a 2022 baseline).	% food waste in our operations.	2022	2030	0.30%			0.59%	0.43%
	100% of edible food surplus to be redistributed by 2025.	% edible food surplus redistributed.	2023	2025	100%			74%	72%
5. Responsible packaging	Eliminate unnecessary packaging, use the least material possible to preserve and protect the product, and by 2024 launch an online reuse system.	Total tonnage removed.	2021	2030			100.48 tonnes	35.95 tonnes	12.5 tonnes
	Increase the average recycled content of Ocado Own Range plastic by 30% by 2025.	% recycled content.	2019	2025	30%		342 tonnes 16%	375 tonnes 18%	529 tonnes 21%
	100% Ocado Own Range packaging is recyclable by 2025.	% recyclable.	2019	2025	100%		1,845 88%	1,891 92%	2,383 93%


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