

Section 172(1) Statement

Directors' duty to promote the success of the Company

During the year, the Directors acted in the way they considered, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, with regard to our stakeholders and the matters set out in Section 172(1) of the Companies Act 2006 ("Section 172(1)").

The Board recognises its responsibilities to all stakeholders and the Directors endeavour to ascertain and consider the interests and views of our stakeholders, particularly as part of its discussions and decision-making at Board meetings. The Board strives to balance the competing priorities and interests of the Company's stakeholders but is aware that not every decision will result in each stakeholder's preferred outcome.

The duties under Section 172(1) are highlighted at each meeting and Board and Committee paper templates include a section on Section 172(1) matters to ensure these are considered and any potential impact on stakeholders of proposals submitted to the Board is highlighted. The approach of the Board in considering the factors set out in Section 172(1) in its actions, discussions and decision-making is set out below.

The likely consequences of any decision in the long term

The Board recognises that decisions taken today will affect the long-term success and sustainability of the Group and decision-making is made within the context of the long-term strategy of the Group. The Board held a three-day strategy meeting this year to consider the long-term strategic direction of the Group and the short- and medium-term steps to achieve this, including the five-year plan to increase profitability and improve cash flow. The Board receives regular reports from across the business on performance, financing and the implementation of strategy, as well as updates on external factors. These factors feed into discussions on strategy and setting priorities to ensure that the potential impact of decisions, particularly in the long term, are understood and considered. The Board oversees the culture of the Group and the framework of governance, risk management and internal controls to ensure that the focus on long-term success is embedded across the business where decision-making is delegated.

→ [Read about our business model and strategy on pages 18 to 21](#)

The desirability of maintaining a reputation for high standards of business conduct

The Board is responsible for setting and monitoring the culture, values and reputation of the Group and ensuring the culture encourages our people to adhere to our values and do the right thing, through responsible business conduct. Maintaining a reputation for high standards of business conduct is an essential aspect of this responsibility. Our Code of Conduct, updated in 2023, sets out the principles of how we expect everyone who works with or represents the Group to behave and do business and the Board reviews and approves policies that support good business conduct. The Board receives quarterly reputation reports with a headline score assigned to each of investors, business media, partners, employees and society. The scores are based on metrics such as share price, volume of buyers and sellers, media coverage, and partner scorecards. The Board also receives biannual compliance reports, including issues raised through Speak Up, our confidential whistleblowing hotline, and our internal control and risk management framework includes regular reporting to the Board. Other ways in which the culture of the Group is monitored by the Board are discussed on page 126.

→ [Read more in our Strategic Report on pages 21 to 23](#)

The impact of the Group's operations on the community and environment

The Board monitors the Group's corporate responsibility, primarily through reporting from senior management, including reports from the ESG Committee. The Board has oversight of the processes and procedures and the governance framework in place for responsible business. The Board considered the Group's approach to climate change and environmental issues, including the risks and opportunities, and this is a key consideration in decision-making. This year the Board approved the Group's Net Zero Roadmap. The Board understands that increasing energy efficiency and sustainability and providing solutions that help our partners to improve in these areas support our strategic objectives of growing revenue and providing efficient solutions.

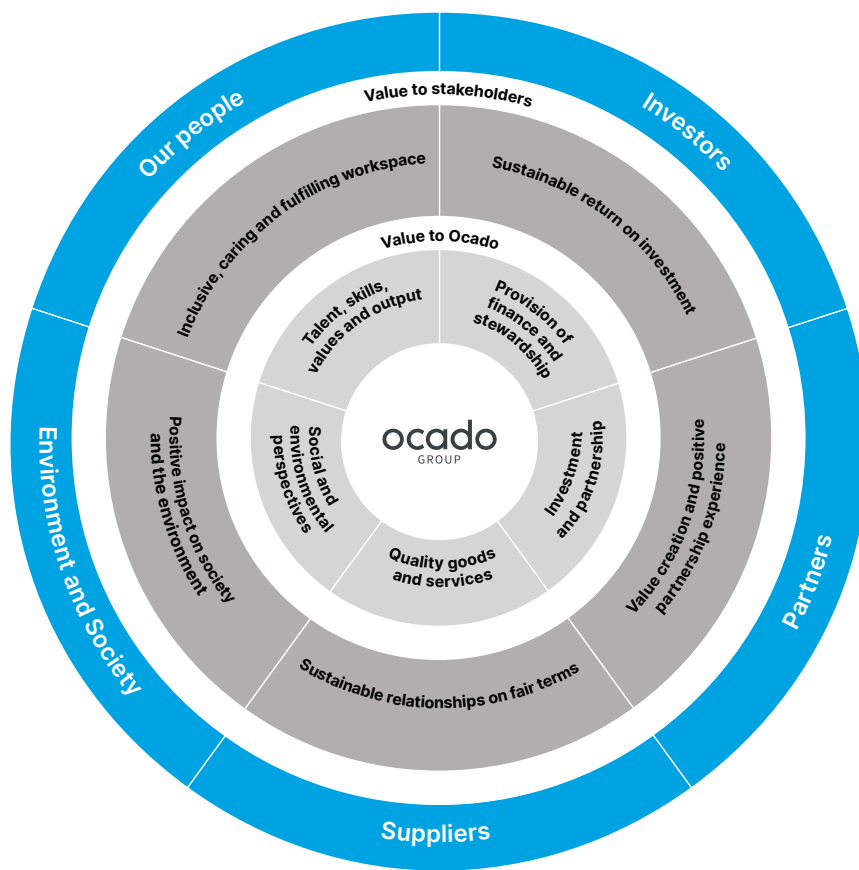
→ [Read more in our TCFD report on pages 82 to 102](#)

Our stakeholders: the interests of our employees and the need to foster business relationships with key stakeholders and act fairly as between members

The Board recognises the importance of our key stakeholders to the long-term success of the Group and the need to maintain strong and constructive relationships. The graphic to the right summarises the value of our key stakeholder relationships for our stakeholders and us. The Board ensures that it understands the views and interests of our stakeholders to enable effective consideration of these, in decision-making and setting our strategic priorities. A key consideration in the Board's decision-making is the potential impact of decisions taken on key stakeholders and it is the case that some actions will not have a positive outcome for all stakeholders so competing interests must be balanced, for example ceasing operations at the Hatfield CFC earlier this year.

→ [Read more on engagement with our key stakeholders on pages 60 to 63](#)

Two-way constructive relationships with our stakeholders provide value both for our stakeholders and for Ocado Group:



The following examples demonstrate how the Board considered Section 172(1) matters as part of Board discussions and decision-making.

→ [The Key Board focus areas during the year can be found on pages 123 and 124](#)

Link to section 172 icons:

- A** The likely consequences of any decision in the long term
- B** The interests of our employees
- C** The need to foster business relationships with key stakeholders

- D** The impact of the Group's operations on the community and environment
- E** The desirability of maintaining a reputation for high standards of business conduct
- F** The need to act fairly as between members

Stakeholder icons:

- Our people
- Investors
- Partners
- Suppliers
- Environment and society

Case study: Ceasing operations at the Hatfield CFC

In April 2023, the Board took the decision to cease operations at our oldest CFC in Hatfield, opened in 2002.

- A key consideration for the Board was the impact that ceasing operations would have on our employees working at the site. A focus on offering opportunities for redeployment was important in mitigating the impact, with almost half of those employees affected remaining at Ocado working at other facilities, primarily the new Luton CFC which opened in September 2023.
- The decision was based on the expectation that it will bring longer-term financial benefit and improved productivity due to the greater efficiency at our newer CFCs using OSP technology and the introduction of certain Re:Imagined technologies such as OGRP.
- The Board considered the environmental impact of ceasing operations at Hatfield and using other CFCs, primarily Luton, to fulfil the lost capacity. The Luton CFC has better energy efficiency and a lower carbon footprint.

Stakeholders:



s172:



Link to section 172 icons:

- A** The likely consequences of any decision in the long term
- B** The interests of our employees
- C** The need to foster business relationships with key stakeholders
- D** The impact of the Group's operations on the community and environment
- E** The desirability of maintaining a reputation for high standards of business conduct
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Stakeholder icons:

-  Our people
-  Partners
-  Investors
-  Suppliers
-  Environment and society

**Case study:
Acquisition of 6 River Systems**

In June 2023, Ocado acquired 6RS, a collaborative autonomous mobile robot ("AMR") fulfilment solutions provider to the logistics and non-grocery retail sectors, based in Massachusetts, USA.

- The decision to acquire 6RS was based on the potential for increased revenue as well as the alignment of 6RS's products and experience in non-grocery sectors with the development of OIA offering and the potential for this to support the long-term strategy in growth beyond the grocery market.
- The Board considered the impact of the new acquisition on our employees and the need to ensure that the new employees joining as part of the acquisition would integrate well. It was considered that the integration of employees from our previous acquisitions of Myrmex, Kindred and Haddington provided a template to ensure this would be a smooth process.
- The Board considered the existing client base and revenue stream from the business to provide a positive value for our stakeholders.

Stakeholders:

-    
- s172: **A** **B** **C**



**Case study:
Agreement to provide fulfilment technology to McKesson Canada**

In November 2023, Ocado agreed a deal for OIA to provide automated fulfilment technology at a distribution site for McKesson Canada, a pharmaceutical distributor.

- The Board considered the long-term consequences of the agreement in broadening the provision of our technology into a new sector, to demonstrate the viability of OIA and support the Group's long-term strategy in growth beyond the grocery market.
- The Board considered the impact on our existing partners, noting the potential for new learnings from a different market sector that could benefit them but also the need to assure them of our focus on continuing to provide first-class solutions tailored to the grocery sector.
- The Board considered the minimal capital requirement, with upfront fees during the construction process, and the forecast to be cash and EBITDA positive in FY25 to provide a positive value for our stakeholders.

Stakeholders:

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- s172: **A** **C**