

# Glossary

**2014 ESOS** – means the Ocado 2014 Executive Share Option Scheme.

**2018 Code** – means the UK Corporate Governance Code published by the FRC in July 2018.

**Active Customers** – means customers who have shopped with Ocado in the previous 12 weeks.

**Administrative Expenses** – means all IT costs, advertising and marketing expenditure, employment costs of all head office functions, which include legal, finance, human resources, marketing and procurement, rent and other property-related costs for the head office, all fees for professional services and the depreciation, amortisation and impairment associated with head office IT equipment, software, fixtures and fittings and expenses relating to the Group's share schemes.

**Admission** – means the admission of the ordinary shares of the Company to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities which occurred on 26 July 2010.

**AGM** – means the Annual General Meeting of the Company, which will be held on 1 May 2019 at 10 am at The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT.

**American Depository Receipts** – means securities that have been created to permit US investors to hold shares in non-US companies and, in a Level 1 programme, to trade them on the over-the-counter market in the United States.

**Annual Incentive Plan or AIP** – means the Executive Director incentive plan for the Group applicable to a particular financial year.

**Articles** – means the articles of association of the Company.

**Beauty MIP** – means the management incentive plan for key management of Marie Claire Beauty Limited.

**Board** – means the Board of Directors of the Company or its subsidiaries from time to time as the context may require.

**Bon Preu** - means Bon Preu SA, a company incorporated in Spain whose registered office is at Carrer C, 17, 08040 Barcelona.

**Brexit** – means the UK's decision to leave the European Union following the referendum on 23 June 2016.

**Casino** - means Casino Guichard Perrachon SA, a company incorporated in France whose registered office is at 24 Rue de la Montat, Saint-Etienne.

**Cash LTIP** – means the Company's cash-based Long-Term Incentive Plan for senior employees.

**Chairman's Share Matching Award** - means a one-off award of shares to Lord Rose, made in May 2013.

**Code** – means the UK Corporate Governance Code published by the FRC in April 2016.

**Companies Act** – means the Companies Act 2006.

**Company** – means Ocado Group plc, a company incorporated in England and Wales with registered number 07098618 whose registered office is at Buildings 1 & 2 Trident Place, Hatfield Business Park, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL.

**Corporate Website** – means [www.ocadogroup.com](http://www.ocadogroup.com).

**CR** – means Corporate Responsibility.

**CSTM** – means Customer Service Team Member, the title given to our customer facing delivery drivers.

**Customer Fulfilment Centre or CFC** – means a dedicated highly automated warehouse used for the operation of the business. The CFCs are: CFC1 in Hatfield, CFC2 in Dordon, CFC3 in Andover and CFC4 in Erith.

**Deloitte** – means Deloitte LLP, the Group's statutory auditor or the Group's advisers in respect of non-audit services.

**Directors** – means the Directors of the Company whose names and biographies are set out on page 61 or the Directors of the Company's subsidiaries from time to time as the context may require.

**Directors' Remuneration Policy** – means the Directors' remuneration policy that the Company which was approved by shareholders at the 2017 annual general meeting and which is set out on pages 107 to 129.

**2019 Directors' Remuneration Policy or 2019 Policy** – means the Directors' remuneration policy that will be put forward for approval by shareholders at the 2019 AGM and which is set out on pages 107 to 129.

**Disclosure Guidance and Transparency**

**Rules** – means the disclosure guidance and transparency rules made under Part VI of the Financial Services and Markets Act 2000 (as amended).

**Distribution Costs** – means all the costs incurred, excluding product costs, to the point of sale, usually the customer's home. This includes the payroll-related expenses for the picking, dispatch and delivery of product sold to the point of sale, the cost of making those deliveries, including fuel, tolls, maintenance of vehicles, the operating costs of the properties required for the picking, dispatch and onward delivery operations and all associated depreciation, amortisation and impairment charges, call centre costs and payment processing charges.

**Dobbies** – means Dobbies Garden Centres Limited, a company incorporated in Scotland with registered number SC010975 whose registered office is at Melville Nurseries, Lasswade, Midlothian EH18 1AZ.

**DPV** – means deliveries per van per week.

**EBITDA<sup>®</sup>** – means the non-GAAP measure which Ocado has defined as earnings before net finance costs, taxation, depreciation, amortisation, impairment and exceptional items<sup>®</sup>.

**EBT** – as relating to the Income Statement, means earnings before tax. As relating to share schemes, means employee benefit trust.

**EBT Trustee** – means the trustee from time to time of the employee benefit trust established for the purposes of the JSOS, currently Estera Trust (Jersey) Limited.

**EPS** – means earning per share.

**ESOS** – means the HMRC-approved Ocado 2001 Executive Share Option Scheme and the Ocado 2001 Non-HMRC approved Executive Share Option Scheme.

**Exceptional Items<sup>®</sup>** – means items that due to their material and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements.

**Executive Directors** – means Tim Steiner, Luke Jensen, Neill Abrams, Duncan Tatton-Brown, Mark Richardson.

**Fabled.com** – means the Group's premium beauty online store in collaboration with Marie Claire and Time Inc.

**Fetch.co.uk** – means the Group's dedicated online pet store.

**Financial Period** – means the 52-week period, or 53-week period where relevant, ending the closest Sunday to 30 November.

**Financial Year or FY** – see Financial Period.

**FRC** – means the Financial Reporting Council.

**GAAP** – means generally accepted accounting principles.

**GDPR** – means General Data Protection Regulation.

**GHG** – means greenhouse gas(es).

**GIP** – means the Growth Incentive Plan.

**GMDC** – means the General Merchandise Distribution Centres in Welwyn Garden City and Erith, dedicated highly automated warehouses used for the operation of the business.

**GPP** – means the Ocado Group Pension Plan.

**Gross Sales<sup>®</sup>** – means sales (net of returns), including charges for delivery, before deducting relevant vouchers, offers and value added tax. Relevant vouchers and offers include money-off coupons, conditional spend vouchers and multibuy offers, such as buy three for the price of two.

This includes sales from ocado.com, fetch.co.uk, sizzle.co.uk and fabled.com.

**Group** – means Ocado Group plc, its subsidiaries, significant undertakings and affiliated companies under its control or common control.

**HMRC** – means Her Majesty's Revenue & Customs.

**IAS** – means International Accounting Standard(s).

**ICA** – means ICA Group, a company incorporated in Sweden whose registered office is at Svetsarvägen 16, Solna.

**IFRIC** – means International Financial Reporting Standards Interpretations Committee.

**IFRS** – means International Financial Reporting Standard(s).

**IGD** – means the Institute of Grocery Distribution.

**IP** – means Intellectual Property.

**ISA (UK & Ireland)** – means International Standard on Auditing in the UK and Ireland.

**John Lewis** – means John Lewis plc, the parent company of Waitrose, incorporated in the UK with registered number 233462 whose registered office is at 171 Victoria Street, London SW1E 5NN.

**JSOS** – means the Group's Joint Share Ownership Scheme. It comprises three issues called JSOS1, JSOS2 and JSOS3.

**KPI** – means key performance indicators.

**Kroger** – means The Kroger Co. a company incorporated in the USA, whose registered office is at 1014 Vine Street, Cincinnati, Ohio.

**LIBOR** – means the London Interbank Offered Rate.

**Listing Rules** – means the Listing Rules made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000 (as amended).

**LPP** – means Low Price Promise, the Ocado vouchers scheme which entitles customers to receive discount vouchers where their shopping basket has cost more than it would have at selected competitors.

**LTIP** – means the Company's Long Term Incentive Plan for Executive Directors and selected senior managers.

**Management Committee** – means senior management responsible for managing the day-to-day operations of the business.

**MHE** – means mechanical handling equipment.

**MHE JVCo** – means MHE JVCo Limited, a company incorporated in the UK with registered number 8576462, whose registered office is at Buildings 1 & 2 Trident Place, Hatfield Business Park, Mosquito Way, Hatfield AL10 9UL. MHE JVCo is jointly owned by a Group subsidiary and Morrisons.

**Morrisons** – means Wm Morrison Supermarkets PLC, a company incorporated in the UK with registered number 353949, whose registered office is at Hilmore House, Gain Lane, Bradford, West Yorkshire BD3 7DL.

**Morrisons.com** – means Morrisons' online retail business.

**Net Finance Costs** – means finance income less finance costs. Finance income is composed principally of bank interest and other interest. Finance cost is composed of interest on bank loans and overdrafts, interest on finance leases and interest on other financing arrangements.

**Non-Executive Directors** – means the non-executive Directors of the Company designated as such on page 61.

**Notice of Meeting** – means the notice of the Company's AGM.

**Ocado.com** – means the Group's online retail business.

**Ocado Council** – means the Ocado forum used to consult with our employees.

**Ocado Smart Platform or OSP** – means the end-to-end solution for operating online in the grocery market, which has been developed by the Group.

**Ocado Solutions** – means the Group's Solutions business.

**OPW** – means orders per week.

**Other Income** – means primarily revenue for advertising services provided by Ocado to suppliers and other third parties on the Webshop, commission income and sublease payments. Other income is recognised in the period to which it relates on an accruals basis.

**Participants** – means eligible staff who participate in one of the Company's staff share schemes.

**Prospectus** – means the Company's prospectus dated 6 July 2010 prepared in connection with the Company's Admission.

**R&D** – means Research and Development.

**Revenue** – means online sales (net of returns) through the Webshop and Ocado on the Go, including charges for delivery, but excluding relevant vouchers, offers and value added tax. The recharge of costs to Morrisons and fees charged to Morrisons and other solutions clients are also included in Revenue. Relevant vouchers and offers include money-off coupons, conditional spend vouchers and multi-buy offers, such as buy three for the price of two.

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**Senior Secured Notes or Notes –**

means the Company's offering of £250 million Senior Secured Notes due 2024 at a coupon of 4% and an issue price of 100%. For more details, see page 134.

**Shareholder** – means a holder for the time being of ordinary shares in the Company.

**Sharesave Scheme or SAYE Scheme** – means the Ocado employee savings-related share option plan approved by HMRC.

**SIP** – means the Share Incentive Plan.

**Sizzle.co.uk** – means the Group's dedicated online kitchen and dining store.

**SKU** – means a "stock keeping unit", that is each line of stock.

**Smart Pass (previously Saving Pass)** – means the Ocado pre-pay membership scheme which includes the delivery pricing scheme previously known as Delivery Pass and the discount membership scheme formerly known as Saving Pass.

**Sobeys** - means Sobeys Inc, a wholly-owned subsidiary of Empire Company Limited incorporated in Canada whose registered office is at 115 King Street, Stellarton, Nova Scotia.

**Sourcing Agreement** – means the various sourcing and branding agreements between Ocado, Waitrose and John Lewis.

**Spoke** – means the trans-shipment sites used for the intermediate handling of customers' orders.

**Substitution** – means an alternative product provided in place of the original product ordered by a customer.

**TSR** – means total shareholder return – the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional units of the stock.

**UPH** – means average units processed per labour hour.

**USDAW** – means the Union of Shop, Distributive and Allied Workers.

**VCP** - means the Company's Value Creation Plan for Executive Directors.

**Waitrose** – means Waitrose Limited, a company incorporated in the UK with registered number 00099405, whose registered office is at 171 Victoria Street, London SW1E 5NN.

**Webshop** – means the customer facing internet-based virtual shop accessible via the websites [www.ocado.com](http://www.ocado.com), [www.fabled.com](http://www.fabled.com), [www.fetch.co.uk](http://www.fetch.co.uk) and [www.sizzle.co.uk](http://www.sizzle.co.uk).